Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (Kshs.)	
Support for Education and Library Services	SP4.1:Support to Education and Library Services	27,829,000	3,350,000	22,747,361	-	82	-
ICT Infrastructure & Systems Development	SP5.1:ICT Infrastructure & Systems Development	16,530,000	17,006,562	1,799,336	6,689,843	11	39
Internship, Mentorship and Volunteerism	SP6.1: Internship, Mentorship and Volunteerism	14,000,000	-	1,992,680	-	14	
	Sub Total	**809,670,727**	**291,662,159**	**394,169,765**	**35,189,843**	**49**	**12**
Trade, Industry & Cooperatives							
General administration & planning	SP1. 1 General administration & planning	134,582,981	-	41,506,376	-	31	-
Trade development & promotion	SP2.1; Trade development & promotion	7,023,056	101,559,984	4,894,154	1,921,692	70	2
Industrial development and promotion	SP3. 1 Industrial development and promotion	945,175	2,585,300	-	-	-	-
Tourism development & promotion	SP4. 1 Tourism development & promotion	3,543,634	2,564,880	1,158,410	-	33	-
Culture, Art and the Music promotion	SP5. 1 Culture, Art and the Music promotion	7,074,626	2,500,000	2,458,600	-	35	-
	Sub Total	**153,169,472**	**109,210,164**	**50,017,540**	**1,921,692**	**33**	**2**
Department of Gender, Children, Youth, Sports, and Social Services							
General administration & planning	P1: General administration & planning	76,051,247	1,000,000	27,659,751	-	36	-
Gender and Social Development	P2: Gender and Social Development	34,856,857	54,875,667	5,355,027	474,331	15	1
Sports development	P3: Sports development	79,604,846	27,310,224	5,572,265	298,000	7	1
Youth empowerment	P4: Youth empowerment	42,225,654	13,704,399	8,709,620	-	21	-
	Sub Total	**232,738,604**	**96,890,290**	**47,296,663**	**772,331**	**20**	**1**
County Attorney							
General Administration & Support Services	P1: General administration & planning	81,925,899	-	14,681,299	-	18	-
	Sub Total	**81,925,899**	-	**14,681,299**	-	**18**	-
Governorship							
General Administration & Support Services	P1: General administration & planning	494,464,747	-	103,689,679	-	21	-
	Sub Total	494,464,747	-	103,689,679	-	21	-
County Secretary							
Leadership & coordination of departments	SP1. 1 Leadership & coordination of departments	631,707,545	-	107,822,475	-	17	-
	Sub Total	**631,707,545**	-	**107,822,475**		**17**	
CPSB							
Public Service Human Resource Management and Development.	SP2: Public Service Human Resource Management and Development.	73,251,184	-	28,545,424	-	39	-
	Sub Total	**73,251,184**	-	**28,545,424**	-	**39**	-
Finance & Socio-Economic Planning							
General Administration & Support Services	SP1: General administration & planning	283,334,256	55,771,261	129,662,881	2,099,206	46	4

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (Kshs.)	
Public financial management	Sub-Programme 2.1:Financial Accounting services	20,900,000	-	10,699,752	-	51	-
	Sub-Programme 2.2: Budget formulation, coordination and management	48,600,000	-	21,561,292	-	44	-
	Sub-Programme 2.3; Internal audit services	11,050,000	-	2,222,333	-	20	-
	Sub-Programme 2.4; Resource mobilisation	41,950,000	-	10,035,565	-	24	-
	Sub-Programme 2.5: Supply chain management services	5,700,000	-	1,833,545	-	32	-
	Sub-Programme 2.6; Economic planning	14,300,000	-	4,605,858	-	32	-
	Sub-Programme 2.7; Monitoring & Evaluation	10,750,000	-	-	-	-	-
	Sub-Programme 2.8; County Statistics	5,550,000	-	491,413	-	9	-
	Sub-Programme 2.9; Enterprise Risk Management	1,900,000	-	-	-	-	-
	Sub-Programme 2.10; Assets Management	5,000,000	-	1,064,587	-	21	-
	Sub Total	**449,034,256**	**55,771,261**	**182,177,226**	**2,099,206**	**41**	**4**
Devolution, Public participation, County Administration and Special Programmes							
General Administration & Planning	SP1: General Administration & Planning	247,544,813	437,500,000	170,749,030	10,000,000	69	2
Participatory Development .& civic education	SP2: Participatory Development .& civic education	52,316,000	1,300,000	9,108,000	-	17%	-
Research, Documentation and Knowledge Management	SP3: Research, Documentation and Knowledge Management	200,000	-	-	-	-	-
Cordination of Service Delivery and Enforcement	SP4 : Cordination of Service Delivery and Enforcement	33,688,699	5,000,000	13,989,600	-	42	-
Disaster Risk Preparedness and Mitigation	SP5 : Disaster Risk Preparedness and Mitigation	8,205,489	900,000	2,843,456	-	35	-
Alcoholic Drinks Control and Licencing	SP6: Alcoholic Drinks Control and Licencing	4,800,000	-	1,690,000	-	35	-
	Sub Total	**346,755,001**	**444,700,000**	**198,380,086**	**10,000,000**	**57**	**2**
Water, Sanitation and Irrigation							
General administration & planning	SP1: General Administration & Planning	104,679,673	20,300,598	40,290,015	655,719	38	3
Water infrastructure Development	SP 2.1: Water harvesting and storage	4,680,000	91,768,358	1,867,299	8,200,289	40	9
	SP2: Piped water supply infrastructure	3,670,000	334,687,357	1,655,464	24,534,503	45	7
	SP.3: Ground water development	4,250,000	106,540,762	1,578,855	9,269,252	37	9
	Sub Total	117,279,673	553,297,075	45,391,633	42,659,763	39	8
Agriculture, Livestock, Fisheries And Cooperative Development							
General administration & planning	SP1: General Administration & Planning	264,721,684	318,666,422	117,987,750	3,648,792	45	1

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (Kshs.)	
Land, Crop development & productivity	SP 2: Land, Crop development & productivity	2,821,740	41,894,196	2,106,225	1,490,558	75	4
Agribusiness and information management	SP3; Agribusiness and information management	4,280,000	34,908,077	1,722,254	-	40	-
Livestock Production, Management and Development	SP 4:Livestock Production, Management and Development	8,612,500	24,586,468	3,879,650	-	45	-
Cooperative Development	SP 5:Cooperative Development	3,090,000	10,690,511	198,660	-	6	-
	Sub Total	**283,525,924**	**430,745,674**	**125,894,539**	**5,139,350**	**44**	**1**
Makueni Fruit Development and Marketing Authority							
General Administration & Support Services	P1: General administration & planning	37,000,435	50,050,222	7,890,006	1,387,220	21	3
	Sub Total	**37,000,435**	**50,050,222**	**7,890,006**	**1,387,220**	**21**	**3**
County Assembly							
Legislation and Representation	SP1: Legislation and Representation	964,631,315	60,479,298	308,569,587	13,252,807	32	22
	Sub Total	964,631,315	60,479,298	308,569,587	13,252,807	32	22
Grand Total		8,238,172,193	4,867,898,110	3,309,004,218	533,095,713	40	11

Source: Makueni County Treasury

The development sub-programmes with the highest budget implementation rates were: Curative health care services in the Department of Health at 44 per cent, ICT Infrastructure & System Development in the Department of ICT, Education and Internship at 39 per cent, and Technical training and non-formal Education in the Department of ICT, Education and Internship at 37 per cent.

For recurrent sub-programmes, the top performers included: Support to Education and Library Services in the Department of ICT, Education and Internship at 82 per cent, Land, Crop development & Productivity in the Department of Agriculture, Livestock, Fisheries and Crop Development at 75 per cent, and Trade, development and promotion in the Department of Trade, development and Promotion at 70 per cent.

3.23.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and revenue collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 24 accounts in commercial banks, including 16 accounts for Health Facilities, 6 accounts for Established Funds, 2 operations accounts for County Assembly.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening the County Assembly KCB commercial bank account for operational purposes as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.23.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Makueni County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 27th January, 2026.
ii. The underperformance of own-source revenue at Kshs.472.74 million against an annual target of Kshs.1.67 million, representing 28 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.510.52 million on development activities, achieving a 14 per cent absorption rate.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Makueni County Car Loan and Mortgage Fund, Makueni County Climate Change Fund, Makueni County Empowerment Fund, Emergency Fund and the Bursary Fund were not submitted to the CoB as of 15 July 2025.
v. High level of trade payables, which amounted to Kshs.375.81 million as of 31st December 2025. Furthermore, the County Treasury did not adhere to the payment plan for trade payables.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.19.83 million for 73 staff not onboarded into HRIS and 6 casual staff were processed through manual payroll, accounting for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
viii. The County reported Kshs.317.70 million under *"other operating expenses,"* accounting for 44 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The Government requires that salaries be processed through the HRIS system, and the County Assembly is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.24. County Government of Mandera

3.24.1 Overview of FY 2025/26 Budget

The Mandera County Approved Budget for FY 2025/26 is Kshs.15.01 billion. It comprises Kshs.5.44 billion (36 per cent) and Kshs.9.57 billion (64 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.120.71 million (1 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.94 billion and a recurrent budget of Kshs.8.95 billion. The increase in the budget was primarily attributed to the rise in the Equitable Share of Revenue raised nationally.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.12.27 billion (82 per cent), additional allocations of Kshs.1.72 billion (11 per cent), a cash balance of Kshs.347.55 million (2 per cent) brought forward from FY 2024/25, Kshs.360 million (3 per cent) generated as ordinary own-source revenue and Kshs,322.53 million (2 per cent) as FIF collection. A breakdown of the additional allocations is shown in Table 3.354.

3.24.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.5.75 billion. This amount represented a decrease of 3 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.5.91 billion. The total revenue consisted of Kshs.5.09 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.134.69 million, as well as the own-source revenue (OSR) collection of Kshs.177.7 million. Additionally, the County had a cash balance of Kshs.347.55 million from FY 2024/25. The total OSR collection of Kshs.177.7 million included Facilities Improvement Financing (FIF) of Kshs.87.65 million, and Kshs.90.05 million from other OSR sources. Table 3.354 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.354: Mandera County, Revenue Performance in the First Half of FY 2025/26

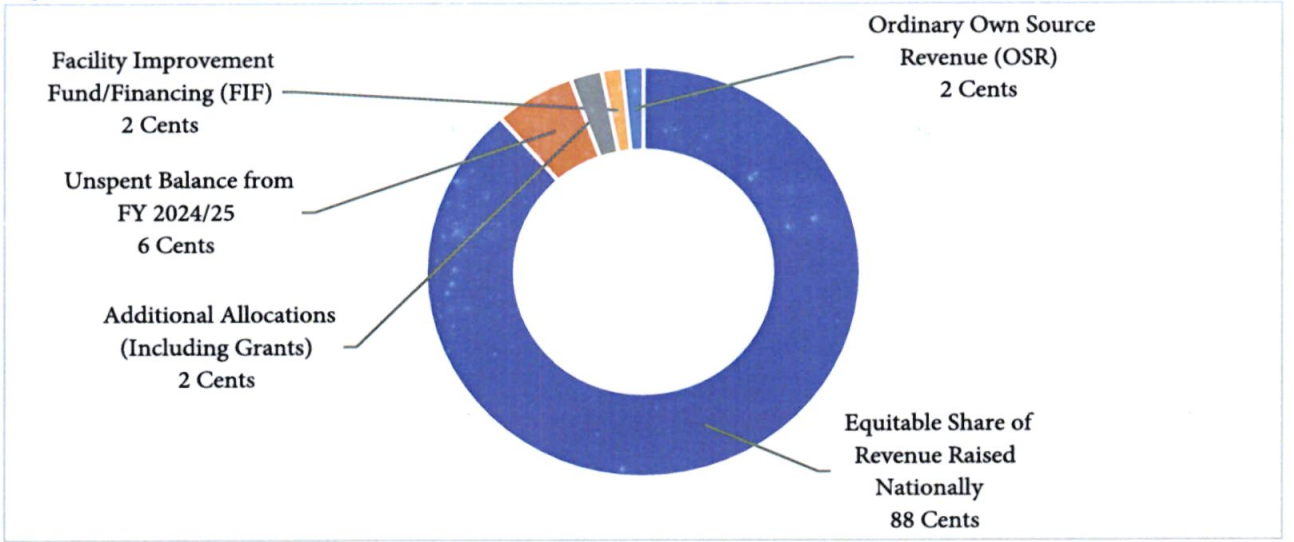
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	347,553,249	347,553,249	-	347,553,249	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	-	-	-	-	-
	Sub-Total	**347,553,249**	**347,553,249**	-	**347,553,249**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	12,265,064,993	5,090,001,974	-	5,090,001,974	7,175,063,019
	Sub-Total	**12,265,064,993**	**5,090,001,974**	-	**5,090,001,974**	**7,175,063,019**
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Roads Maintenance Fuel Levy	192,647,255	70,127,132	-	70,127,132	122,520,123
2	Kenya Urban Support Project (KUSP) - UIG b/f	35,000,000	32,309,300	-	32,309,300	2,690,700
3	FLOCCA CCIR Grant FY 2023/2024 Allocations B/f (Amount in SPA)	16,507,427	16,507,428	-	16,507,428	- 1
4	DANIDA Grant - Primary Health Care (B/f)	15,746,250	15,746,250	-	15,746,250	-
5	Kenya Devolution Support Programme 2 (KDSP II) Level 2 grant	352,500,000	-	-	-	352,500,000
6	Conditional Grant for Aggregated Industrial Parks Programme	250,000,000	-	-	-	250,000,000
7	Food Systems Resilience Project -(FSRP)	246,153,846	-	-	-	246,153,846
8	FLOCCA CCIR Grant FY 2023/2024 and fy 2024/25 Allocations	227,938,965	-	-	-	227,938,965
9	Kenya Urban Support Project (KUSP) - UDG	142,013,441	-	-	-	142,013,441
10	FSRP b/f	70,127,131	-	-	-	70,127,131
11	Kenya Devolution Support Programme 2 (KDSP II)	37,500,000	-	-	-	37,500,000
12	Kenya Urban Support Project (KUSP) - UIG	35,000,000	-	-	-	35,000,000
13	Basic Salary Arrears for County Governments' Health Workers	19,809,159	-	-	-	19,809,159

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
14	DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received)	18,653,250	-	-	-	18,653,250
15	Community Health Promoters Program	18,540,000	-	-	-	18,540,000
16	DANIDA Grant - Primary Health Care	16,473,000	-	-	-	16,473,000
17	FLOCCA County Climate Institutional Support Grant	11,000,000	-	-	-	11,000,000
18	Kenya Agricultural Business Development Project	10,918,919	-	-	-	10,918,919
19	Allocation for Mineral royalties	1,028	-	-	-	1,028
	Sub-Total	**1,716,529,671**	**134,690,110**	-	**134,690,110**	**1,581,839,561**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land rents	76,640,271	12,769,060	-	12,769,060	63,871,211
2	Plot Transfers/Sub-Divisions/Application Fees	27,590,500	9,642,000	-	9,642,000	17,948,500
3	Building plan	3,270,000	258,300	-	258,300	3,011,700
4	Miraa Movements	9,034,500	3,568,000	-	3,568,000	5,466,500
5	Single Business Permit	37,402,728	1,694,900	-	1,694,900	35,707,828
6	Market Stalls/ Shades	18,148,637	5,245,610	-	5,245,610	12,903,027
7	Market Gates/Cess	1,400,650	283,925	-	283,925	1,116,725
8	Buspark/Taxis/Parking	1,200,000	80,240	-	80,240	1,119,760
9	Income from Quaries	1,084,180	647,200	-	647,200	436,980
10	Barriers	25,735,950	10,193,766	-	10,193,766	15,542,184
11	Livestock Markets Auction	8,984,555	2,272,660	-	2,272,660	6,711,895
12	Livestock Movement	15,416,646	6,391,510	-	6,391,510	9,025,136
13	Slaughter Fees and Charges	8,924,150	2,503,154	-	2,503,154	6,420,996
14	Produce Cess	3,872,037	668,970	-	668,970	3,203,067
15	Agriculture Mechanization/ Hire of Equipment	1,850,196	213,000	-	213,000	1,637,196
16	Rental income	1,915,000	1,179,218	-	1,179,218	735,782
17	Tender Fees	45,500,000	13,688,504	-	13,688,504	31,811,496
18	Public Health	4,200,000	323,500	-	323,500	3,876,500
19	Fire Service Fees	2,580,000	21,000		21,000	2,559,000
20	Income from Water Management	65,250,000	18,405,486	-	18,405,486	46,844,514
	Sub-Total	**360,000,000**	**90,050,003**	-	**90,050,003**	**269,949,997**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	322,525,007	87,646,814		87,646,814	234,878,193
	Sub-Total	**322,525,007**	**87,646,814**	-	**87,646,814**	**234,878,193**
	Grand Total	15,011,672,920	5,749,942,150	-	5,749,942,150	9,261,730,770

Source: *Mandera County Treasury*

The County has enacted the governing legislation on the operation of ordinary A-I-A and FIF. Figure 139 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 139: Mandera County Composition of Each Shilling Earned in the First Half of FY 2025/26

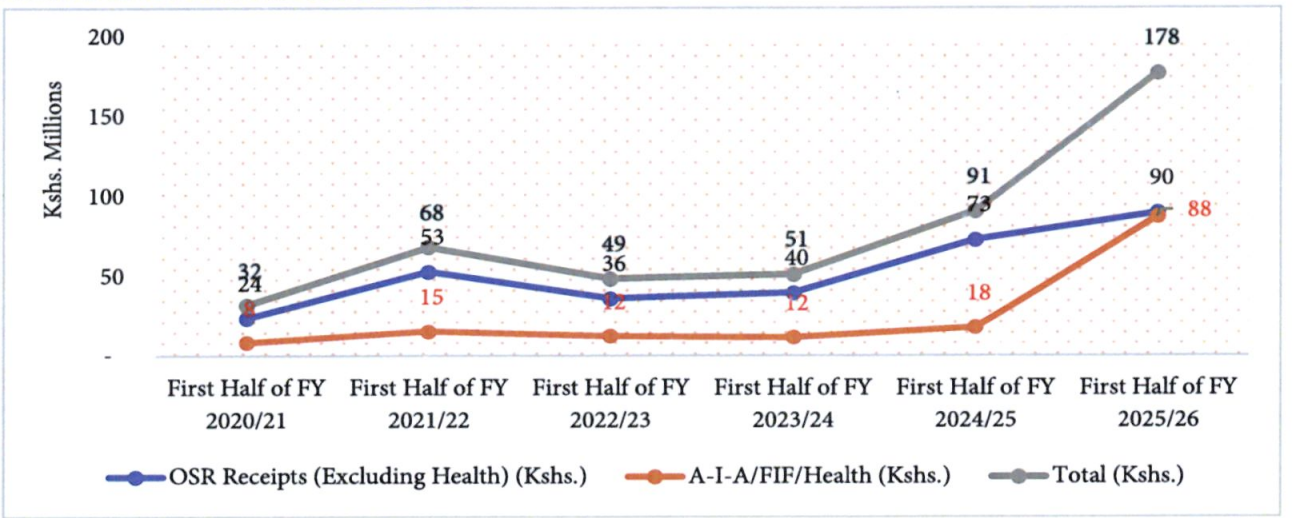


Source: *Mandera County Treasury*

The equitable share of revenue raised nationally, Unspent Balance Brought forward from FY 24/25, OSR, and FIF contributed 89 per cent, 6 per cent and 4 per cent, respectively, of the total receipts for the reporting period.

Figure 140 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 140: Mandera County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

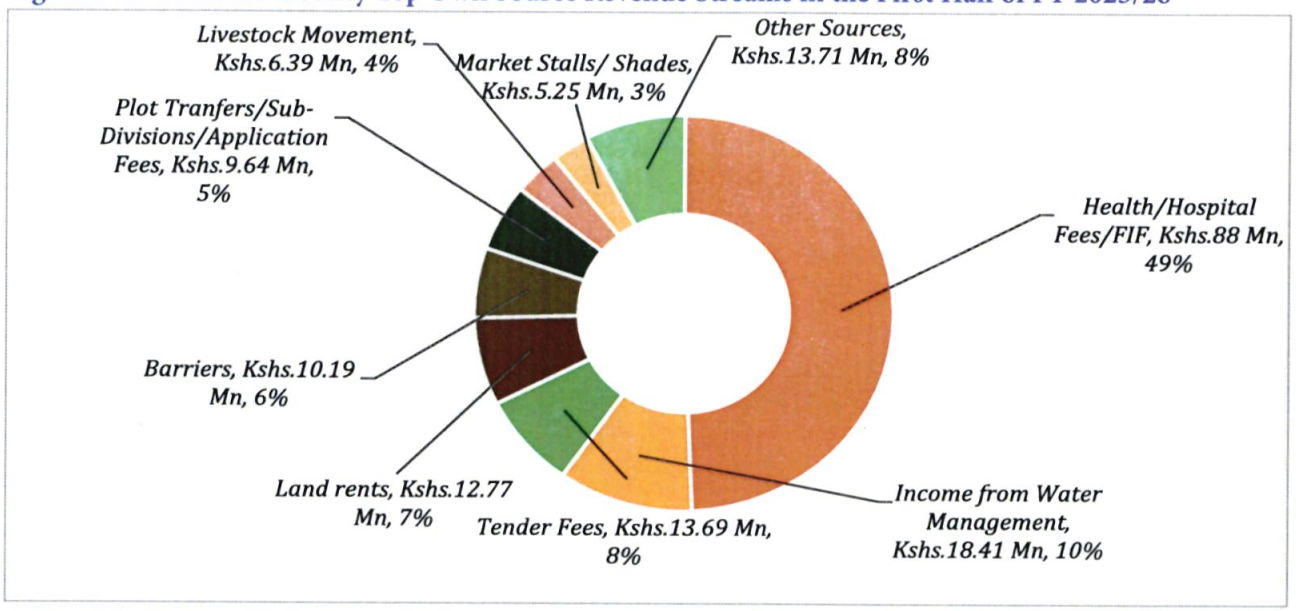


Source: *Mandera County Treasury*

During the first half of FY 2025/26, the County received Kshs.177.7 million from OSR, including FIF. This amount was an increase of 95 per cent compared to Kshs.91 million realised in a similar period in FY 2024/25, and was 26 per cent of the annual target and 3 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to automation, improved enforcement, as well as implementation of the FIF Act. The revenue streams that contributed the most to OSR receipts are shown in Figure 141

Figure 141: Mandera County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Mandera County Treasury*

As shown in Figure 141, the highest revenue stream, at Kshs.87.65 million, was from FIF, accounting for 49 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.24.3 Revenue Arrears/ Receivables

As of 31st December 2025, the County did not report on revenue arrears.

3.24.4 Borrowing by the County

Mandera County Executive/Assembly did not report any borrowing during the reporting period.

3.24.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.49 billion from the Mandera County Revenue Fund (CRF) account. This amount consisted of Kshs.1.66 billion (30 per cent) designated for development programs and Kshs.3.83 million (70 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.18 billion was allocated for employee compensation, and Kshs.1.65 billion for operations and maintenance expenditures. Within the operations and maintenance category, 3 per cent was for domestic travel, and there were no funds for foreign travel. The domestic travel exchequers totalled Kshs.31.63 million, which included Kshs.17.32 million for the County Executive and Kshs.14.31 million for the County Assembly. Meanwhile, there were no foreign travel exchequers during the reporting period.

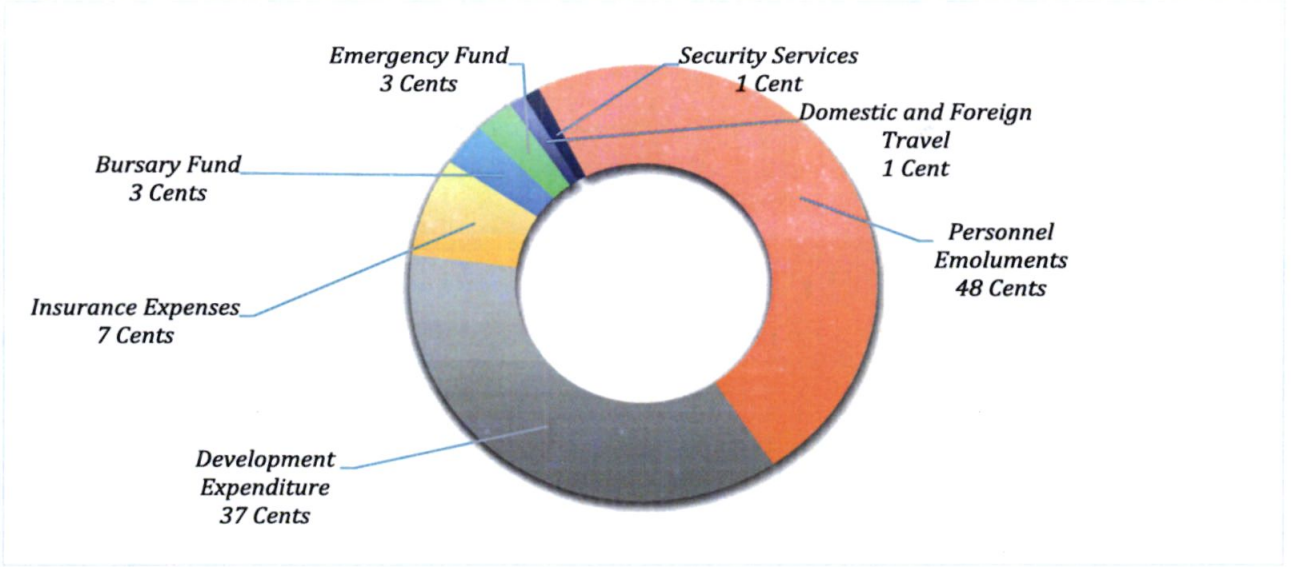
As of December 31, 2025, the County Government's cash balance in the Mandera CRF account was Kshs.32.2 million. In addition, there were no exchequer withdrawal requests from the Mandera County Assembly Fund (CAF) account during the review period.

3.24.6 Expenditure Review

The County spent Kshs.5.49 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.1.66 billion for development programmes and Kshs.3.83 billion for recurrent programmes. Expenditure on development programmes accounted for 30 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 70 per cent of the annual recurrent expenditure budget.

Figure 142 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 142: Mandera County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Mandera County Treasury*

As shown in Figure 142, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Insurance Services, which contributed 40, 30, and 6 per cent of total expenditure for the reporting period, respectively.

3.24.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.45 billion. This amount consisted of Kshs.2.45 billion from the County Executive and Kshs.6.07 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.1.02 billion for recurrent expenditure and Kshs.1.47 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.730.82 million, comprising Kshs.382.01 million (53 per cent) for recurrent programmes and Kshs.342.73 million (47 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.6.07 million, all for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.1.77 billion for the County Executive and nil for the County Assembly. Table 3:356 provides additional details of trade payables.

Table 3.355: Mandera County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,309,515,262	1,184,279,219	2,493,794,481
		County Assembly		6,073,972	6,073,972
		Total	**1,309,515,262**	**1,190,353,191**	**2,499,868,453**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	342,732,310	382,011,405	724,743,715
		County Assembly		6,073,972	6,073,972
		Total	**342,732,310**	**388,085,377**	**730,817,687**
Amount paid in the First Half of FY 2025/26	c	County Executive	342,732,310	382,011,405	724,743,715
		County Assembly		6,073,972	6,073,972
		Total	**342,732,310**	**388,085,377**	**730,817,687**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	
		County Assembly	-	-	
		Total	-	-	
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	**966,782,952**	**802,267,814**	**1,769,050,766**
		County Assembly	-	-	-
		Total	**966,782,952**	**802,267,814**	**1,769,050,766**

Source: Mandera County Treasury

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.966.27 million and Kshs.6.07 million, respectively, in FY 2025/26. The County Executive adhered to this payment plan, as it cleared Kshs.724.74 mil-

lion in the reporting period. Similarly, the County Assembly adhered to this plan, clearing all outstanding trade payables during the reporting period.

Table 3.356 presents the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.77 billion.

Table 3.356: Mandera County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	164,114,784.34		1,018,577,929.88		1,182,692,714.22
Recurrent Trade Payables (Goods & Services)	134,151,076		242,457,179.07		376,608,255.07
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	215,713,871.60				215,713,871.60
Recurrent Trade Payables (Staff Claims)					-
Recurrent Trade Payables	**349,864,947.60**	-	**242,457,179.07**	-	**592,322,126.67**
Executive Trade Payables	**513,979,731.94**	-	**1,261,035,108.95**	-	**1,775,014,840.89**

***Source**: Mandera County Treasury*

3.24.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.99 billion on compensation of employees, Kshs.1.57 billion on operations and maintenance, and Kshs.1.66 billion on development activities. Similarly, the County Assembly spent Kshs.194.48 million on compensation of employees, Kshs.72.57 million on operations and maintenance, and Kshs.2.16 million on development activities, as shown in Table 3.357

Table 3.357: Mandera County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**8,652,993,735**	**917,936,058**	**3,564,027,201**	**267,050,500**	-	**99,241,431**	**3,564,027,201**	**366,291,932**	**41**	**40**
Compensation of Employees	5,335,088,472	349,680,066	1,989,382,160	194,481,265	-	60,024,572	1,989,382,160	254,505,837	**37**	**73**
Operations and Maintenance	3,317,905,263	568,255,992	1,574,645,042	72,569,236	-	39,216,859	1,574,645,042	111,786,095	**47**	**20**
Development Expenditure	**5,390,743,127**	**50,000,000**	**1,655,323,375**	**2,159,654**	-	-	1,655,323,375	2,159,654	**31**	**4**
Total	14,043,736,862	967,936,058	5,219,350,576	269,210,154	-	99,241,431	5,219,350,576	368,451,586	37	38

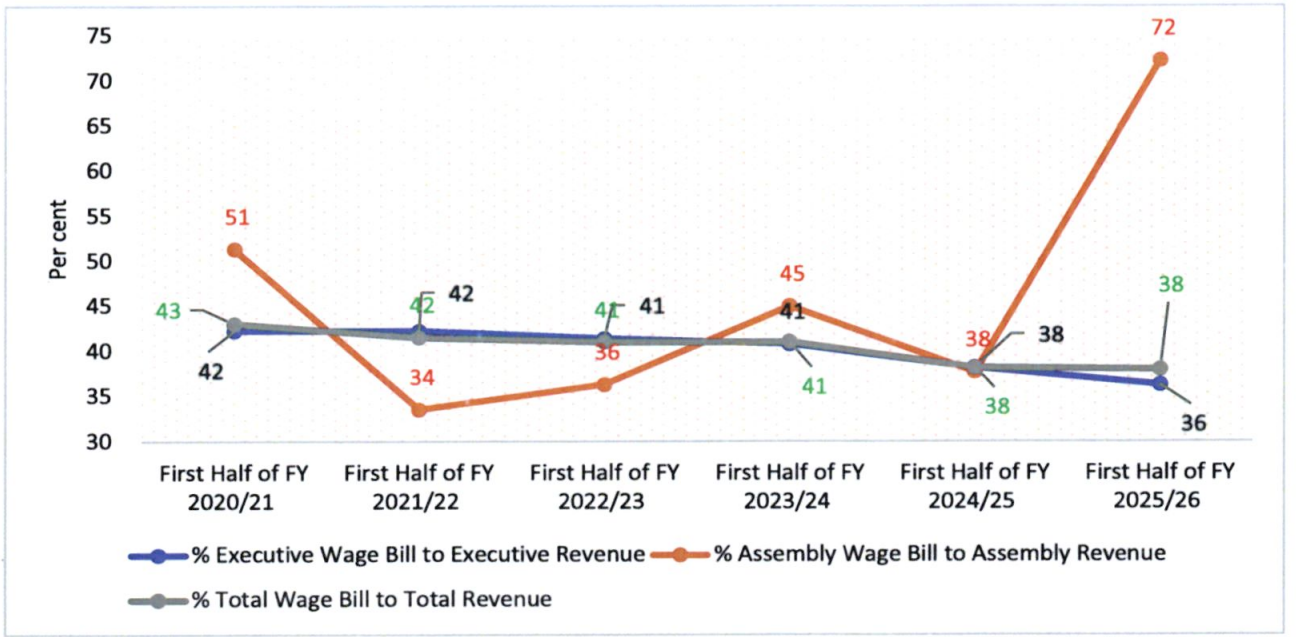
***Source**: Mandera County Treasury*

3.24.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.18 billion. The compensation-to-revenue ratio was 38 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.2.3 billion reported in a similar period in FY 2024/25. Of this total, Kshs.713.89 million related to Health Sector employees, accounting for 32 per cent of the overall employees' compensation.

Figure 143 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 143: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Mandera County Treasury

Further analysis indicated that PE costs amounting to Kshs.1.94 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.239.76 million was processed through manual payroll, accounting for 11 per cent of the total PE cost. The justification for continuing manual payroll was the delay in obtaining personal identification numbers for new staff.

The manual payroll comprised salaries for 518 staff not onboarded into the Human Resource Information System (HRIS), salaries for 577 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.358.

Table 3.358: Breakdown of Mandera County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for 513 staff are yet to be onboarded into UHR (5 staff for Assembly)	132,172,171	202,815	132,374,986
Salaries for 570 casual staff, including NPR (7 for Assembly)	62,037,859	158,000	62,195,859
Top-up Allowances for 76 security officers	23,025,000	278,720	23,303,720
LAPTRUST/LAPFUND Pension Contributions	-		-
Gratuity for contract staff	12,445,628	13,950	12,459,578
NSSF Contributions	5,865,390	11,160	5,876,550
House Levy	3,258,533	5,187	3,263,720
NITA contribution	287,450	550	288,000
Total	239,092,031.1	670,382.5	239,762,413.5

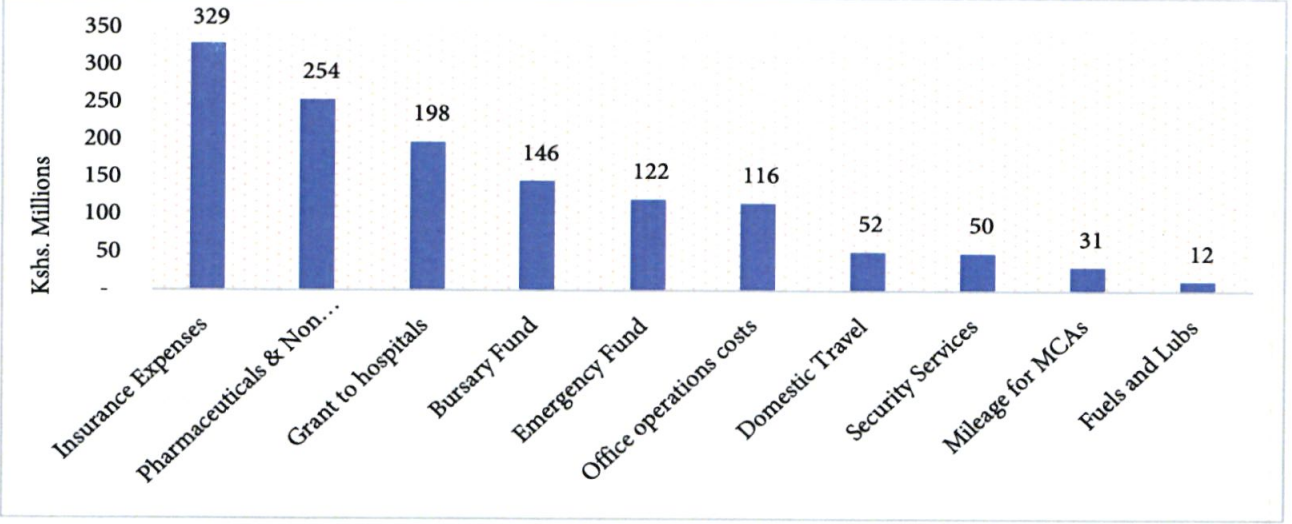
Source: Mandera County Treasury

The County Assembly spent Kshs.5.4 million on committee sitting allowances for the 51 MCAs against the annual budget allocation of Kshs.30 million. The average monthly sitting allowance was Kshs.17,637 per MCA. The County Assembly has 21 House Committees.

3.24.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.65 billion on operations and maintenance, representing an increase of 2 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.62 billion. Figure 144 summarises the Operations and Maintenance expenditure by major categories.

Figure 144: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: *Mandera County Treasury*

3.24.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.30.7 million on "*other operating expenses*," which is 2 per cent of the total operations and maintenance expenditure of Kshs.1.65 billion. This category of expenditure includes Kshs.19.02 million for compensation of Community Health Providers (CHPs) and Kshs.11.68 million for Vaccination Campaigns. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.359.

Table 3.359: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Provision for CHPs	37,800,000	19,020,000
2211399	Vaccination campaigns (Livestock)	22,000,000	11,676,164
	Total	59,800,000	30,696,164

Source: *Mandera County Treasury*

3.24.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.741.35 million to County-Established funds in FY 2025/26, or 5 per cent of the County's overall budget. Further, the County allocated Kshs.291.35 million to the Emergency Fund (2 per cent of the total budget) in line with Section 10 of the PFM Act, 2012. Table 3.360 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.360: Performance of Mandera County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Education Bursary Program	2014	450,000,000	145,720,148	145,720,148	1,997,720,147	YES
2.	Emergency Fund	2024	291,350,959	121,500,000	0	124,500,000	NO
	Total		741,350,959	145,720,148	145,720,148	2,000,720,147	

Source: *Mandera County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Emergency Fund Administrators, as indicated in Table 3:361, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the Bursary Fund were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the Bursary Fund's lifespan had expired. Consequently, the County Assembly extended the lifespan in line with Regulation 197(1)(i), enabling the CoB approval for withdrawals to support the operations of the Bursary fund.

3.24.13 County Corporations

The County has 3 County Corporations, which were allocated Kshs.240 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.64.8 million, as shown in Table 3.361.

Table 3.361: Performance of Mandera County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Mandera Water and Sewerage Company	120,000,000	33,000,000	33,000,000	1,337,100,897
2.	Elwak Water and Sewerage Company	80,000,000	24,800,000	24,800,000	349,000,000
3.	Takaba Water and Sewerage Company	40,000,000	7,000,000	7,000,000	12,000,000

Source: Mandera County Treasury

3.24.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.51.85 million and comprised Kshs.34.54 million spent by the County Assembly and Kshs.17.32 million by the County Executive. There were no expenditures on foreign travel by both arms of government during the reporting period.

3.24.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.87.65 million as FIF, which was 27 per cent of the annual target of Kshs.322.53 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.279.35 million, as shown in Table 3.362.

Table 3.362: Mandera County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	378,550,458	213,713,592	56
2.	Level 4 Hospital	6	154,756,000	43,969,759	28
3.	Level 3 Facility	35	84,000,000	7,386,128	9
4.	Level 2 Facility	65	78,000,000	14,283,459	18
	Total	107	695,306,458	279,352,938	40

Source: Mandera County Treasury

3.24.16 Development Expenditure

In the review period, the County reported spending Kshs.1.66 billion on development programmes, representing a decrease of 14 per cent compared to FY 2024/25, when the County spent Kshs.1.93 billion. Table 3.363 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to delays in the county government's implementation of development projects.

Table 3.363: Mandera County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	WATER	Augmentation And Upgrading Of Banisa Water Supply At Banisa Town In Banisa Sub-County	BANISA	FY 2023/24	UNSPECIFIED	220,434,636	100,000,000	50,000,000	110,000,000	50
2	WATER	Augmentation And Upgrading Of Rhamu Water Supply Project (Phase 1) In Mandera North Sub-County	RHAMU	FY 2023/24	UNSPECIFIED	208,818,953	90,000,000	50,000,000	110,000,000	53
3	LANDS	Construction Of Housing Units And Twin Toilets For The Vulnerable In The Society	COUNTY WIDE	FY 2023/24	UNSPECIFIED	199,999,879	84,999,879	44,950,000	149,950,000	75
4	WATER	Proposed Construction Of Didkuro Water Supply In Mandera West Sub-County	DID KURO	FY 2023/24	UNSPECIFIED	184,682,867	90,175,348	50,000,000	110,000,000	60
5	WATER	Augmentation and Upgrading of the Lafey Water Supply Project in Lafey Town, Lafey Sub-County.	LAFEY	FY 2023/24	UNSPECIFIED	128,388,015	46,000,000	17,000,000	52,000,000	41
6	WATER	Construction Of Dandu Water Supply Project At Dandu Town In Dandu Sub-County	DANDU	FY 2023/24	UNSPECIFIED	117,910,821	60,000,000	20,000,000	60,000,000	51
7	WATER	Construction Of 100,000M3 Dadach Gabab Earth Pan In Banisa Sub-County, Mandera County	BANISA	FY 2023/24	UNSPECIFIED	74,946,231	74,946,231	74,946,231	74,946,231	100
8	EXECUTIVE SERVICES	Proposed Upgrading Of Kutulo Hospital In Kutulo Sub-County	KUTULO	FY 2023/24	UNSPECIFIED	73,810,730	27,608,048		37,000,000	
9	WATER	Proposed Augmentation And Upgrading Of Khalalio Water Supply Project At Khalalio Town In Mandera East Sub-County	KHALALIO	FY 2023/24	UNSPECIFIED	66,227,207	30,000,000	30,000,000	39,000,000	59
10	LANDS	Consultancy Services for the Provision Of Geodatic Controls In 60 Market Centres In Mandera County	COUNTY WIDE	FY 2023/24	UNSPECIFIED	49,550,560	7,162,920	7,162,190	47,162,190	95

Source: *Mandera County Treasury*

The County did not report on any stalled development projects as of 31st December 2025.

3.24.17 Budget Performance by Department

Table 3.364 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.364: Mandera County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	917.94	50	267.05	2.16	267.05	2.16	100	100	29	4
County Executive Services	521	-	210.69	-	210.55	-	100	-	40	-
Finance and Economic Planning	439.60	22.80	154.22	0.80	154.22	0.80	100	100	35	4

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Agriculture, Livestock and Fisheries	286.10	572.29	113.87	62.67	113.87	46.16	100	74	40	8
Water, Energy, Environment and Natural Resources	345.02	1,967.56	137.90	885.75	137.90	902.25	100	102	40	46
Education and Human Capital Development	1,124.70	248.30	417.96	65.40	417.96	65.40	100	100	37	26
Health Services	2,736.85	362.32	1,208.36	109.68	1,208.36	109.68	100	100	44	30
Lands and Urban Development	213.69	729.81	29.56	257.51	29.56	257.51	100	100	14	35
Roads, Transport and Works Roads	237.11	558.44	135.86	174.77	135.86	174.77	100	100	57	31
Social Development	388.35	166.96	158.68	69.78	158.68	69.78	100	100	41	42
Public Service Management	1,996.69	6	902.72	-	902.72	-	100	-	45	-
County Public Service Board	57.51	5	23.91	-	23.91	-	100	-	42	-
Trade and Cooperative Development	80.83	323.54	20.67	14.96	20.67	14.96	100	100	26	5
Office of the County Secretary	134.03	427.73	25.13	14	25.27	14	101	100	19	3
Office of the County Attorney	91.50	-	24.49	-	24.49	-	100	-	27	-
Total	**9,571**	**5,441**	**3,831**	**1,657**	**3,831**	**1,657**	**100**	**100**	**40**	**30**

Source: *Mandera County Treasury*

Analysis of expenditure by departments shows that the Department of Water recorded the highest absorption rate of development budget at 46 per cent, followed by the Department of Social Development at 42 per cent. The Department of Roads had the highest recurrent expenditure-to-budget ratio at 57 per cent, while the Department of Lands had the lowest at 14 per cent.

3.24.18 Budget Execution by Programmes and Sub-Programmes

Table 3.365 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.365: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Agriculture, Livestock and Fisheries							
Livestock Resources Management and Development	Livestock Resources Management and Development	51,000,000	103,923,885	33,426,161	29,152,787	66	28
	Sub Total	**286,099,217**	**572,290,531**	**113,865,825**	**46,162,787**	**40**	**8**
Land and Urban Development							
Land Use Planning and Survey	Land Use Planning and Survey	14,550,000	27,301,520	1,500,000	13,570,279	10	50
	Sub-Total	**213,693,940**	**729,814,961**	**29,559,859**	**257,514,593**	**14**	**35**
Roads, Public Works and Transport							
Road And Air Transport Infrastructure Development	Road And Air Transport Infrastructure Development	78,684,951	479,744,964	74,718,000	155,232,260	95	32
Public Works Management	Public Works Management	7,500,000	78,690,391	2,230,000	19,537,921	30	25

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
	Sub-Total	**237,107,953**	**558,435,355**	**135,858,839**	**174,770,181**	**57**	**31**
Trade and Cooperative Development							
General Administration and Planning	General Administration and Planning	47,132,237	-	17,921,748	-	38	-
Trade Development and Promotion	Trade Development and Promotion	8,500,000	298,539,780	1,417,712	14,963,816	17	5
	Sub-Total	**80,832,237**	**323,539,780**	**20,671,748**	**14,963,816**	**26**	**5**
Health Services							
Preventive, Promotive and Reproductive Health Services	Preventive, Promotive and Reproductive Health Services	193,404,500	147,059,949	20,620,000	96,144,485	11	65
Curative, Rehabilitative, and Referral Services	Curative, Rehabilitative, and Referral Services	688,025,007	215,257,294	473,850,295	13,537,926	69	6
	Sub-Total	**2,736,848,001**	**362,317,243**	**1,208,358,297**	**109,682,411**	**44**	**30**
Education and Human Capital Development							
Vocational and Technical Training Services	Vocational and Technical Training Services	18,500,000	70,049,894	15,783,104	5,000,000	85	7
	Sub-Total	**1,124,704,757**	**248,299,808**	**417,961,383**	**65,400,285**	**37**	**26**
County Public Service Board							
Ethics, Governance and Public Service Values	Ethics, Governance and Public Service Values	57,510,911	5,000,000	23,912,998	-	42	-
	Sub-Total	**57,510,911**	**5,000,000**	**23,912,998**	**-**	**42**	**-**
County Assembly							
Legislation and Representation	Legislation and Representation	917,936,058	50,000,000	366,291,932	2,159,654	40	4
	Sub-Total	**917,936,058**	**50,000,000**	**366,291,932**	**2,159,654**	**40**	**4**
County Public Service Management							
General Administration and Planning	Administration Planning	1,975,390,090	-	891,118,713	-	45	-
Community Cohesion and Conflict Management	Community Cohesion and Conflict Management	21,300,000	-	11,603,200	-	54	-
	Sub-Total	**1,996,690,090**	**6,000,000**	**902,721,913**	**-**	**45**	**-**
Social Development							
Youth Empowerment and Sports	Youth Empowerment and Sports	7,500,000	60,961,970	6,150,000	24,827,418	82	41
	Sub-Total	**388,346,459**	**166,961,849**	**158,683,930**	**69,777,418**	**41**	**42**
Water, Energy, Environment and Climate Change							
Water and Sewerage Management	Water and Sewerage Management	99,500,000	1,535,269,043	60,833,643	875,015,059	61	57
	Sub-Total	**345,024,297**	**1,967,555,435**	**137,899,837**	**902,252,486**	**40**	**46**
Grand Total		**9,570,929,793**	**5,440,743,127**	**3,930,319,297**	**1,657,483,039**	**41**	**30**

Source: *Mandera County Treasury*

The development sub-programmes with the highest budget implementation rates included Preventive, Promotive and Reproductive Health Services in the Department of Health at 65 per cent, Water and Sewerage Management in the Department of Water at 57 per cent, and Land Use Planning and Survey in the Department of Land at 50 per cent. For recurrent sub-programmes, the top performers were Road and Air Transport Infrastructure Development in the Department of Roads at 95 per cent, Vocational and Technical Training Services in the Department of Education at 85 per cent, Youth Empowerment and Sports in the Department of Social Development at 82 per cent, and Livestock Resources Management and Development at 66 per cent. Their higher performances are attributed to...

Table 3.366 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.366: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Agriculture, Livestock and Fisheries							
Irrigation Development and Management	Irrigation Development and Management	40,376,083	60,000,000	4,757,281	12,550,000	12	21
	Sub Total	286,099,217	572,290,531	113,865,825	46,162,787	40	8
Land and Urban Development							
Land Use Planning and Survey	Land Use Planning and Survey	14,550,000	27,301,520	1,500,000	13,570,279	10	50
Solid Waste Management	Solid Waste Management	131,284,879	-	647,400	-	-	-
	Sub-Total	213,693,940	729,814,961	29,559,859	257,514,593	14	35
Trade and Cooperative Development							
General Administration and Planning	General Administration and Planning	47,132,237	-	17,921,748	-	38	-
Cooperative Development and Promotion	Cooperative Development and Promotion	25,200,000	25,000,000	1,332,288	-	5	-
Trade Development and Promotion	Trade Development and Promotion	8,500,000	298,539,780	1,417,712	14,963,816	17	5
	Sub-Total	80,832,237	323,539,780	20,671,748	14,963,816	26	5
Health Services							
Preventive, Promotive and Reproductive Health Services	Preventive, Promotive and Reproductive Health Services	193,404,500	147,059,949	20,620,000	96,144,485	11	65
Curative, Rehabilitative, and Referral Services	Curative, Rehabilitative, and Referral Services	688,025,007	215,257,294	473,850,295	13,537,926	69	6
	Sub-Total	2,736,848,001	362,317,243	1,208,358,297	109,682,411	44	30
Education and Human Capital Development							
Vocational and Technical Training Services	Vocational and Technical Training Services	18,500,000	70,049,894	15,783,104	5,000,000	85	7
Education Support Services	Education Support Services	3,500,000	-	700,000	-	20	-
	Sub-Total	1,124,704,757	248,299,808	417,961,383	65,400,285	37	26
Office of the County Secretary							
Policy, Leadership and Executive Coordination	Leadership and executive coordination	134,034,068	427,728,165	25,267,018	14,000,000	19	3
	Sub-Total	134,034,068	427,728,165	25,267,018	14,000,000	19	3
County Public Service Board							
Ethics, Governance and Public Service Values	Ethics, Governance and Public Service Values	57,510,911	5,000,000	23,912,998	-	42	-
	Sub-Total	57,510,911	5,000,000	23,912,998	-	42	-
Finance and Economic Planning							

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
Public Finance Management	Internal Audit Services	2,300,000	-	299,200	-	13	-
	Supply Chain Management Affairs	6,500,000	-	3,600,982	-	55	-
	County Asset Management system	2,500,000	-	500,000	-	20	-
Economic Planning and Statistics	County Economic Planning and Statistics	30,500,000	-	4,717,160	-	15	-
ICT and E-Government Services	ICT and E-Government Services	13,100,000	4,800,000	850,000	-	6	-
	Sub-Total	1,996,690,090	6,000,000	902,721,913	-	45	-
Water, Energy, Environment and Climate Change							
Energy and Natural Resources	Energy and Natural Resources	28,000,000	58,840,000	1,000,000	10,730,000	4	18
Environment and Climate Change	Environment and Climate Change	24,800,000	373,446,392	1,500,000	16,507,427	6	4
	Sub-Total	345,024,297	1,967,555,435	137,899,837	902,252,486	40	46
Grand Total		9,570,929,793	5,440,743,127	3,930,319,297	1,657,483,039	41	30

Source: Mandera County Treasury

The development sub-programmes with the lowest budget implementation rates included ICT and E-Government Services in the department of Finance at Zero per cent, Ethics, Governance and Public Service Values in the department of Public Service Board at Zero per cent, Cooperative Development and Promotion in the department of Trade at Zero per cent Environment and Climate Change program in the Department of Water at 4 per cent, Devolved Governance and Enforcement Services in the Department of Public Service Management at Zero per cent, and Cooperative Development and Promotion in the department of Trade at Zero per cent. For recurrent sub-programmes, poor performers were Solid Waste Management in the Department of Lands at zero per cent, and Energy and Natural Resources in the Department of Water at 4 per cent.

3.24.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 35 accounts with commercial banks, including 14 accounts for FIF operations and collection, 7 accounts for revenue collection, 4 municipalities' operations accounts, 1 account for Established Fund (bursary), 3 County Assembly accounts, 1 account for the ELRP project, 1 retention account, 3 water companies' accounts and 1 Finance department operations account.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of Mandera commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.24.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Mandera County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.177.7 million against an annual target of Kshs.682.53 million, representing 26 per cent of the financial year target.

ii. Low development performance in the review period as the County incurred Kshs.1.66 billion on development activities, achieving a 30 per cent absorption rate.

iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund were not submitted to the CoB as of 31st December 2025.

iv. High level of trade payables, which amounted to Kshs.1.77 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.

v. Use of manual payroll. Personnel emoluments amounting to Kshs.239.76 million for 518 staff not onboarded into HRIS and 577 casual staff processed through manual payroll, accounting for 11 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

iii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.25. County Government of Marsabit

3.25.1 Overview of FY 2025/26 Budget

The Marsabit County Approved Budget for FY 2025/26 is Kshs.10.33 billion. It comprises Kshs.3.67 billion (36 per cent) and Kshs.6.66 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.11.33 million (0.1 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.27 billion and a recurrent budget of Kshs.6.04 billion. The increase in the budget was primarily attributed to the rise in sharable revenue.

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.8.11 billion (78 per cent), additional allocations of Kshs.1.70 billion (16 per cent), a cash balance of Kshs.442.78 million (4 per cent) brought forward from FY 2024/25, and Kshs.270 million (2 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.367.

3.25.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.89 billion. This amount represented a decrease of 6 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.4.16 billion. The total revenue consisted of Kshs.3.36 billion from the equitable share of revenue raised nationally and own-source revenue (OSR) collection of Kshs.83.55 million. Additionally, the County had a cash balance of Kshs.442.78 million from FY 2024/25. The total OSR collection of Kshs.83.55 million included Facilities Improvement Financing (FIF) of Kshs.43.87 million, and Kshs.39.68 million from other OSR sources. Table 3.367 summarises the total revenue available to the County Government during FY 2025/26.

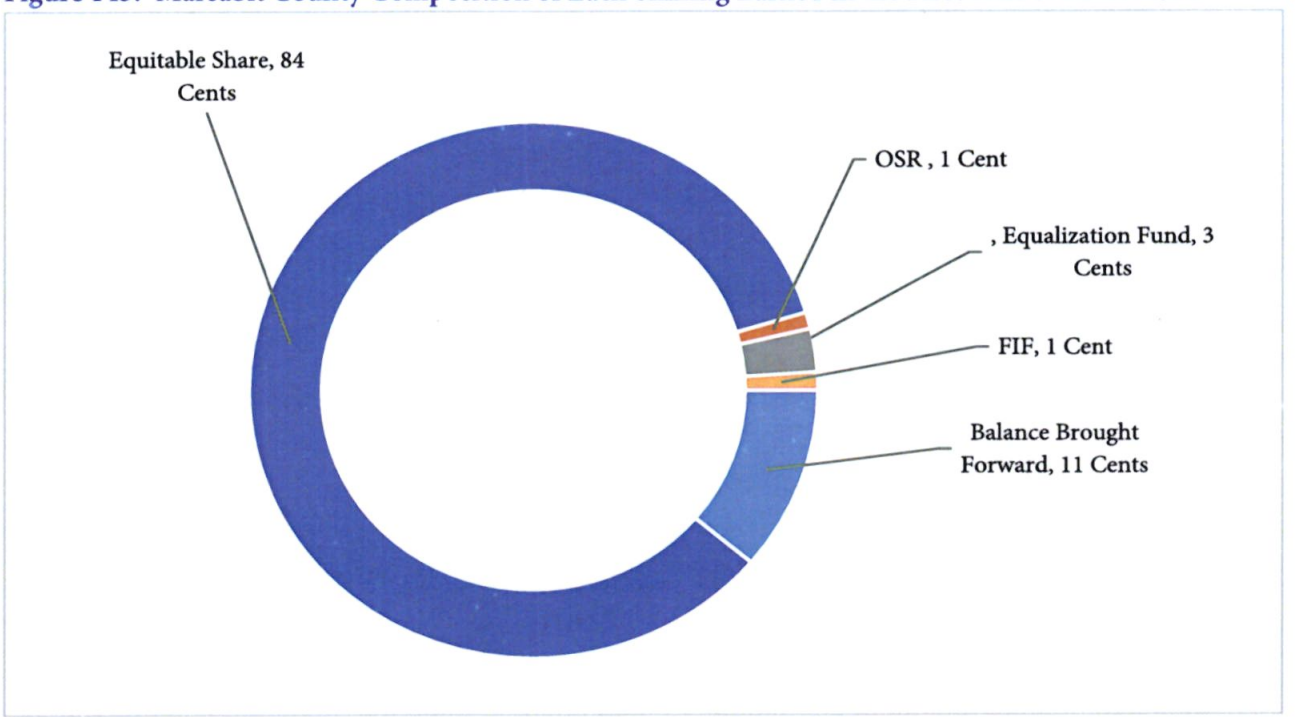
Table 3.367: Marsabit County, Revenue Performance in the First Half of FY 2025/26

	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	441,493,144	441,493,144		441,493,144	-
2	County Executive Refunds to CRF	638	638	-	638	-
3	County Assembly Refunds to CRF	1,292,150	1,292,150	-	1,292,150	-
	Sub-Total	442,785,933	442,785,933		442,785,933	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,105,669,078	3,363,852,667	648,453,526	4,012,306,193	4,093,362,885
	Sub-Total	8,105,669,078	3,363,852,667	648,453,526	4,012,306,193	4,093,362,885
C	**Transfers from the Equalisation Fund**					
1	**Equalisation Fund**	469,644,478	103,151,648	176,792,151	279,943,799	189,700,679
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	DANIDA	10,914,000				
2	KDSP II - Level I Grant	37,500,000	-	-	-	-
3	KDSP II - Level II Grant	352,500,000	-	-	-	-
..4	Kenya Livestock Commercialization Project (KELCOP)	70,250,000	-	-	-	-
5	Unconditional Allocation for 20% Share of Mineral Royalties	1,724,590	-	-	-	-
6	Community Health Promoters	60,090,000	-	-	-	-
7	Doctors Salary Arrears	15,028,763	-	-	-	-
8	Food Systems Resilience Project	246,153,846	-	-	-	-
9	FLLOCA - CCRI	250,000,000	-	-	-	-
10	DRPNK - Drought Resilience Programme in Northern Kenya	580,002,208	-	-	-	-
11	Kenya Urban Support Programme - UIG	26,000,000	-	-	-	-
12	Kenya Urban Support Programme - UDG	50,000,000	-	-	-	-
	Sub-Total	1,700,163,407				
E	**Ordinary Own Source Revenue (OSR)**					
1	Produce	42,000,000	17,166,072	26,000,000	43,166,072	8,833,928
2	Marsabit Municipality	15,000,000	4,388,716	10,500,000	14,888,716	6,111,284
3	Livestock Charges	20,000,000	4,121,765	9,000,000	13,121,765	4,878,235
4	Royalties	115,000,000	2,988,064	5,750,000	8,738,064	2,761,936
5	Single business permit	19,000,000	4,866,895	9,000,000	1,076,500	16,923,500
6	Land Transaction Charges	8,300,000	1,362,388	4,400,000	5,762,388	3,037,612
7	Public health	10,400,000	3,000,000	5,200,000	8,200,000	2,200,000
8	Other Sources	10,300,000	1,784,020	5,150,000	6,934,020	3,365,980
	Subtotal	150,000,000	**39,677,920**	75,000,000	101,887,525	48,112,475
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	129,096,000	36,299,455	64,548,000	108,422,340	20,673,660
2	Other FIFs Sources-Cash collections	44,400,000	7,574,885	22,200,000	22,200,000	22,200,000
	Subtotal	173,496,000	**43,874,340**	86,748,000	130,622,340	42,873,660
Total		**10,518,618,418**	**3,890,190,860**	**986,993,677**	**4,967,545,790**	**6,074,213,106**

Source: *Marsabit County Treasury*

Marsabit County does not have governing legislation on the operation of FIF. Figure 145 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 145: Marsabit County Composition of Each Shilling Earned in the First Half of FY 2025/26

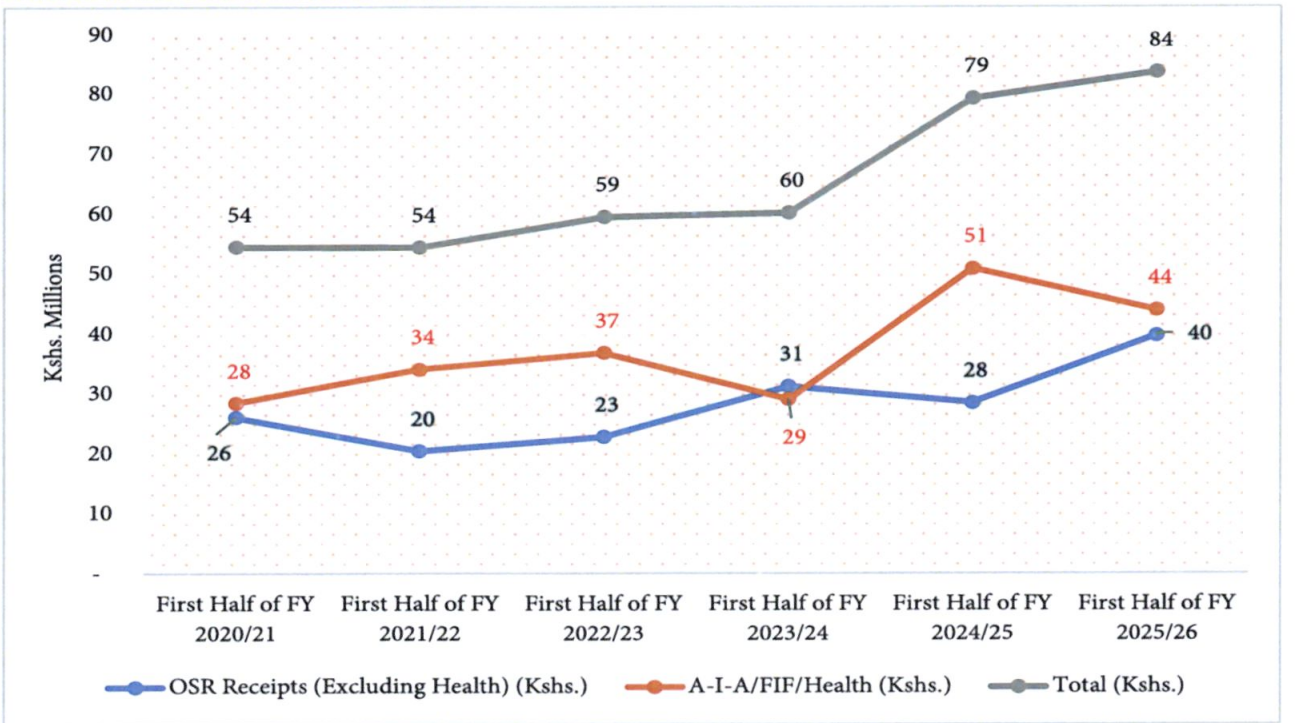


Source: *Marsabit County Treasury*

The equitable share of revenue raised nationally, Balance brought forward from the 2024/25 financial year, and Equalisation Fund contributed 84 per cent, 11 per cent and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 146 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

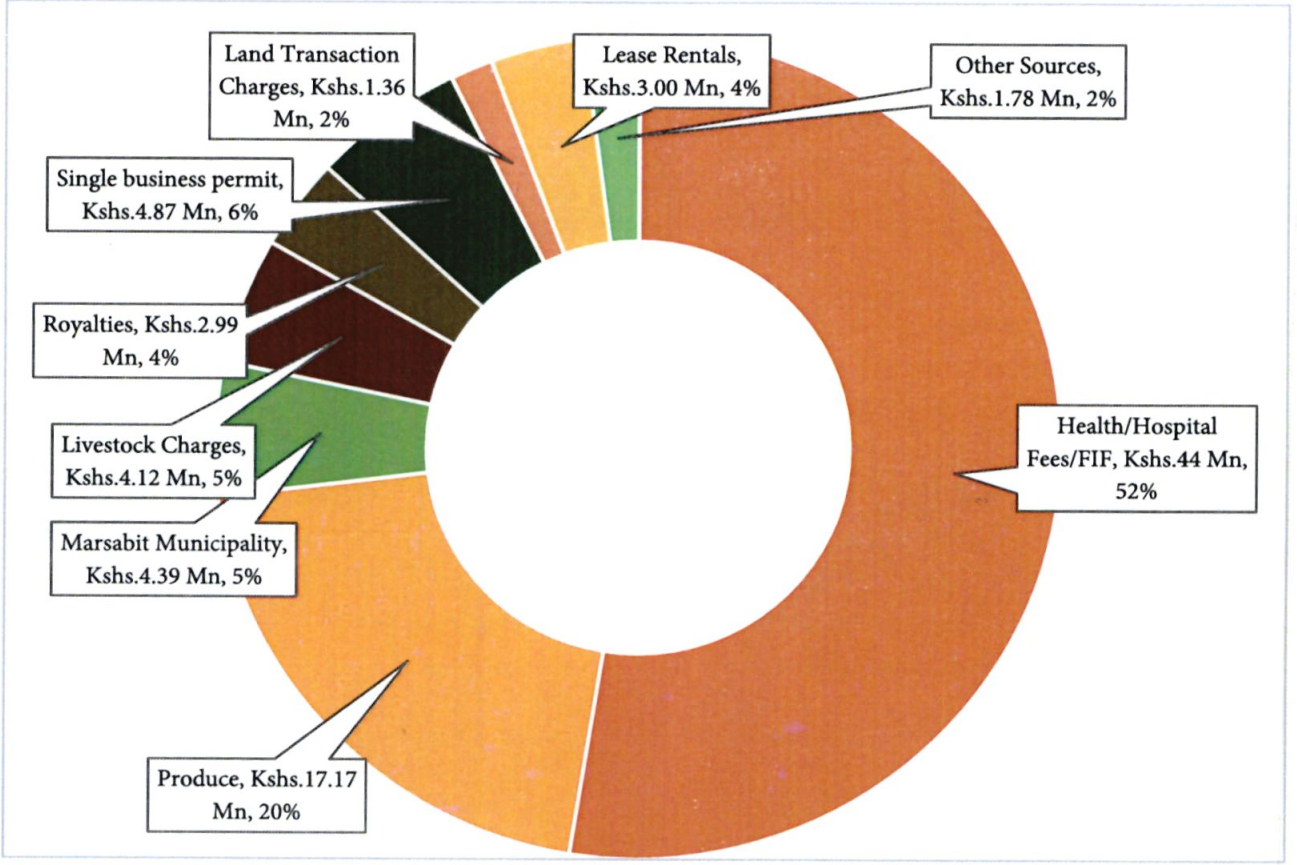
Figure 146: Marsabit County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Marsabit County Treasury*

During the first half of FY 2025/26, the County received Kshs.83.55 million from OSR, including FIF. This amount was an increase of 5 per cent compared to Kshs.79.21 million realised in a similar period in FY 2024/25, and was 31 per cent of the annual target and 2 per cent of the equitable revenue share disbursed. The revenue streams that contributed the most to OSR receipts are shown in Figure 147

Figure 147: Marsabit County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Marsabit County Treasury*

As shown in Figure 147, the highest revenue stream, at Kshs.43.87 million, was from Facility Improvement Financing (FIF), accounting for 52 per cent of the total OSR receipts. The County Government indicated that it has NOT automated any revenue streams.

3.25.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported no revenue arrears. As of 31st December 2025, no revenue arrears were reported.

3.25.4 Borrowing by the County

Marsabit County Executive/ Assembly did not report any credit facility with banks.

3.25.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.81 billion from the Marsabit County Revenue Fund (CRF) account. This amount consisted of Kshs.968.81 million (25 per cent) designated for development programs and Kshs.2.84 billion (75 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.09 billion was allocated for employee compensation, and Kshs.745.18 million for operations and maintenance expenditures. Within the operations and maintenance category, 10 per cent was allocated to domestic travel and 2 per cent to foreign travel. The domestic travel exchequers totalled Kshs.73.65 million, which included Kshs.18.62 million for the County Executive and Kshs.55.04 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.12.97 million, with Kshs.1.96 million for the County Executive and Kshs.11.01 million for the County Assembly.

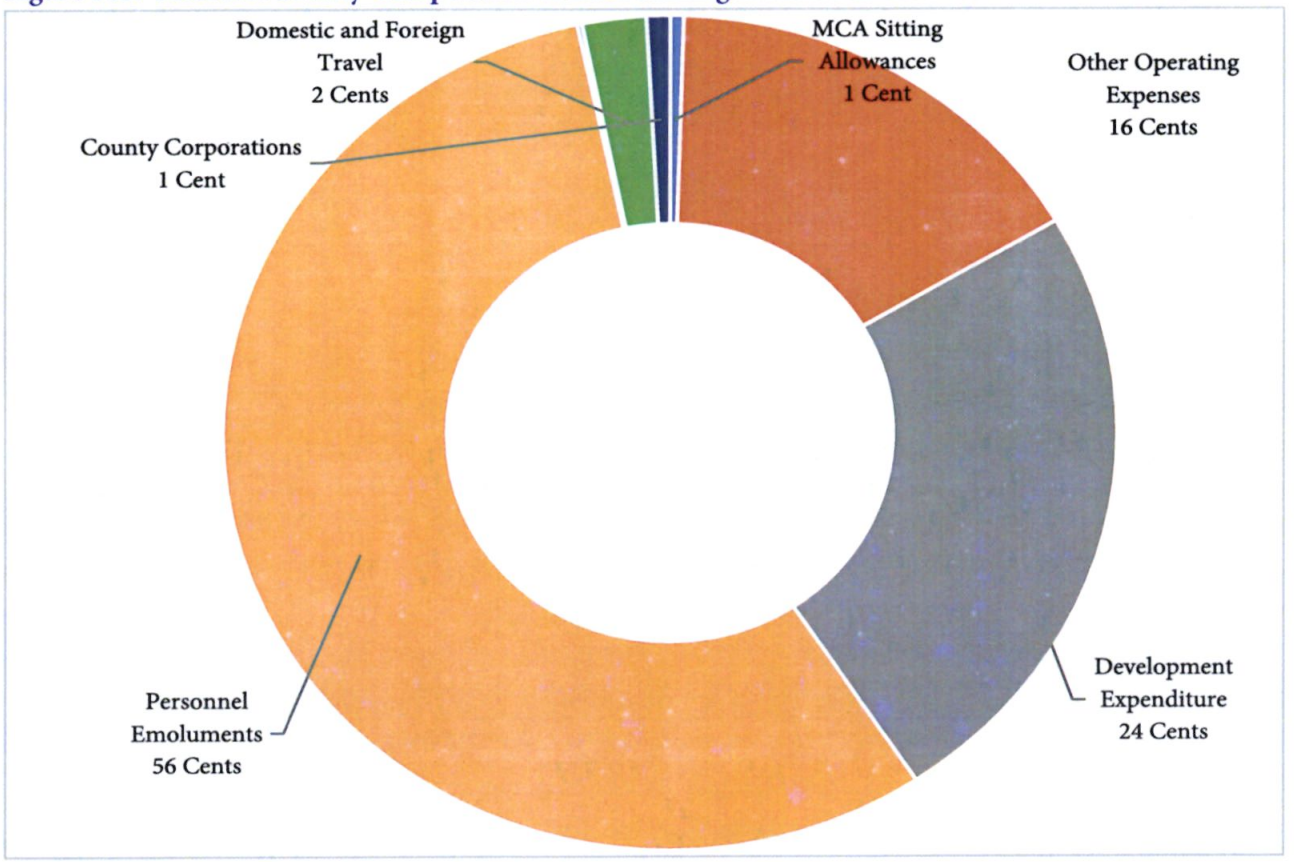
As of December 31, 2025, the County Government's cash balance in the Marsabit CRF account was Kshs.32.87 million.

3.25.6 Expenditure Review

The County spent Kshs.3.74 billion on development and recurrent programmes during the reporting period. The expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.903.19 million for development programmes and Kshs.2.84 billion for recurrent programmes. Expenditure on development programmes represented 24 per cent of the annual development expenditure budget, while recurrent expenditure represented 48 per cent of the annual recurrent expenditure budget.

Figure 148 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 148: Marsabit County Composition of Each Shilling Incurred in the First Half of FY 2025/26.



Source: Marsabit *County Treasury*

As shown in Figure 148, the three highest expenditure categories were personnel emoluments, development expenditures, and other Operating Expenses, which accounted for 56, 24, and 16 per cent of total expenditure for the reporting period.

3.25.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.43 billion. This amount consisted of Kshs.1.23 billion from the County Executive and Kshs.201.15 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.532.46 million for recurrent expenditure and Kshs.700.16 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.925.68 million, comprising Kshs.532.46 million (100 per cent) for recurrent programmes and Kshs.393.23 million (56 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.99.83 million, which included Kshs.27.18 million (89 per cent) for recurrent activities and Kshs.72.65 million (99per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.306.94 million for the County Executive and Kshs.101.32 million for the County Assembly. Table 3.368 provides additional details of trade payables.

Table 3.368: Marsabit County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	700,162,772	532,460,806	1,232,623,578
		County Assembly	170,600,000	30,552,699	201,152,699
		Total	**870,762,772**	**563,013,505**	**1,433,776,277**
Trade payables scheduled to be settled in First Half of FY 2025/26 per the action plan	b	County Executive	700,162,772	532,460,806	1,232,623,578
		County Assembly	170,600,000	30,552,699	201,152,699
		Total	**870,762,772**	**563,013,505**	**1,433,776,277**
Amount paid in the First Half of FY 2025/26	c	County Executive	393,225,189	532,460,806	925,685,995
		County Assembly	72,652,182	27,179,214	99,831,396
		Total	**465,877,371**	**559,640,020**	**1,025,517,391**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	306,937,583	-	306,937,583
		County Assembly	97,947,818	3,373,485	101,321,303
		Total	404,885,401	3,373,485	408,258,886

Source: *Marsabit County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.23 billion and Kshs.201.15 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.925.68 million for the Executive and Kshs.99.83 million for the Assembly. Table 3.369 and Table 3.370 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.408.26 million.

Table 3.369: Marsabit County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	_	35,477,147.	1,199,000	270,261,435	306,937,583
Recurrent Trade Payables (Goods & Services)		-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)		-	-	-	-
Recurrent Trade Payables (Staff Claims)		-	-	-	-
Total Recurrent Trade Payables	_	-	-	-	-
Total Trade Payables	_	35,477,147	1,199,000	270,261,435	306,937,583
% of Total	_	12%	_	88%	100%

Source: *Marsabit County Treasury*

Table 3.370: Marsabit County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**75,282,997.10**	**22,610,820.10**	-	-	**97,893,817.20**
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	54,000	-	-	-	-
Recurrent Trade Payables (Staff Claims)	3,373,485.80	-	-	-	-
Total Recurrent Trade Payables	3,427,485.80	-	-	-	**3,427,485.80**
Total Trade Payables	**78,710,484.90**	**22,610,820.10**			**101,321,303**
% of Total	77.68	22	-	-	100

Source Marsabit *County Treasury*

The County has adhered to a First-in, First-out (FIFO) basis in implementing the Trade Payables Action Plan.

3.25.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.91 billion on compensation of employees, Kshs.578.75 million on operations and maintenance, and Kshs.829.26 million on development activities. Similarly, the County Assembly spent Kshs.189.73 million on compensation of employees, Kshs.166.23 million on operations and maintenance, and Kshs.73.84 million on development activities, as shown in Table 3.371.

Table 3.371: Marsabit County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	5,915,492,554	741,494,088	2,484,503,437	355,953,138	**436,167,684**	-	**2,920,671,121**	355,953,138	49	48
Compensation of Employees	3,539,777,939	355,343,000	1,905,753,867	188,171,938	274,584,276	-	2,180,338,143	188,171,938	62	53
Operations and Maintenance	2,375,714,615	386,151,088	578,749,570	167,781,200	161,583,409	-	740,332,979	167,781,200	31	43
Development Expenditure	3,432,353,860	240,600,000	829,356,831	73,843,107	**275,023,838**	-	1,104,380,669	73,843,107	32	31
Total	9,347,846,414	982,094,088	3,313,860,268	429,796,245	**711,191,522**	-	4,025,051,790	429,796,245	43	44

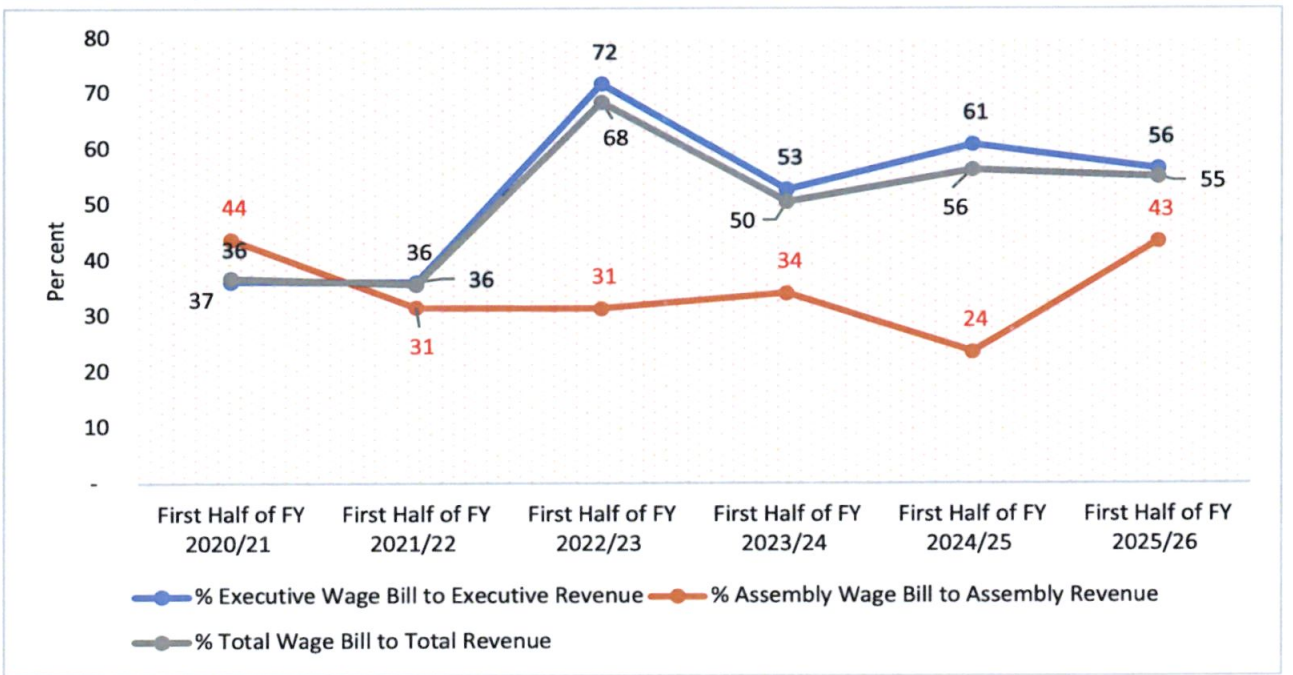
Source: *Marsabit County Treasury*

3.25.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.09 billion. The percentage of compensation of employees to revenue was 55 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.08 billion reported in a similar period in FY 2024/25. Of this total, Kshs.867.26 million related to Health Sector employees, accounting for 41 per cent of the overall employees' compensation.

Figure 149 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 149: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Marsabit County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.03 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.67.92 million was processed through manual payrolls, representing 3 per cent of the total PE cost. The justification for the continued use of manual payroll was for casuals and top up of security officers.

The manual payroll comprised salaries for 717 casual staff and top-up allowances for four security personnel, as shown in Table 3.372.

Table 3.372: Breakdown of Marsabit County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
	Salaries for casual staff	67,675,690
	Top-up Allowances for Security Officers	241,800
	Total	67,917,490

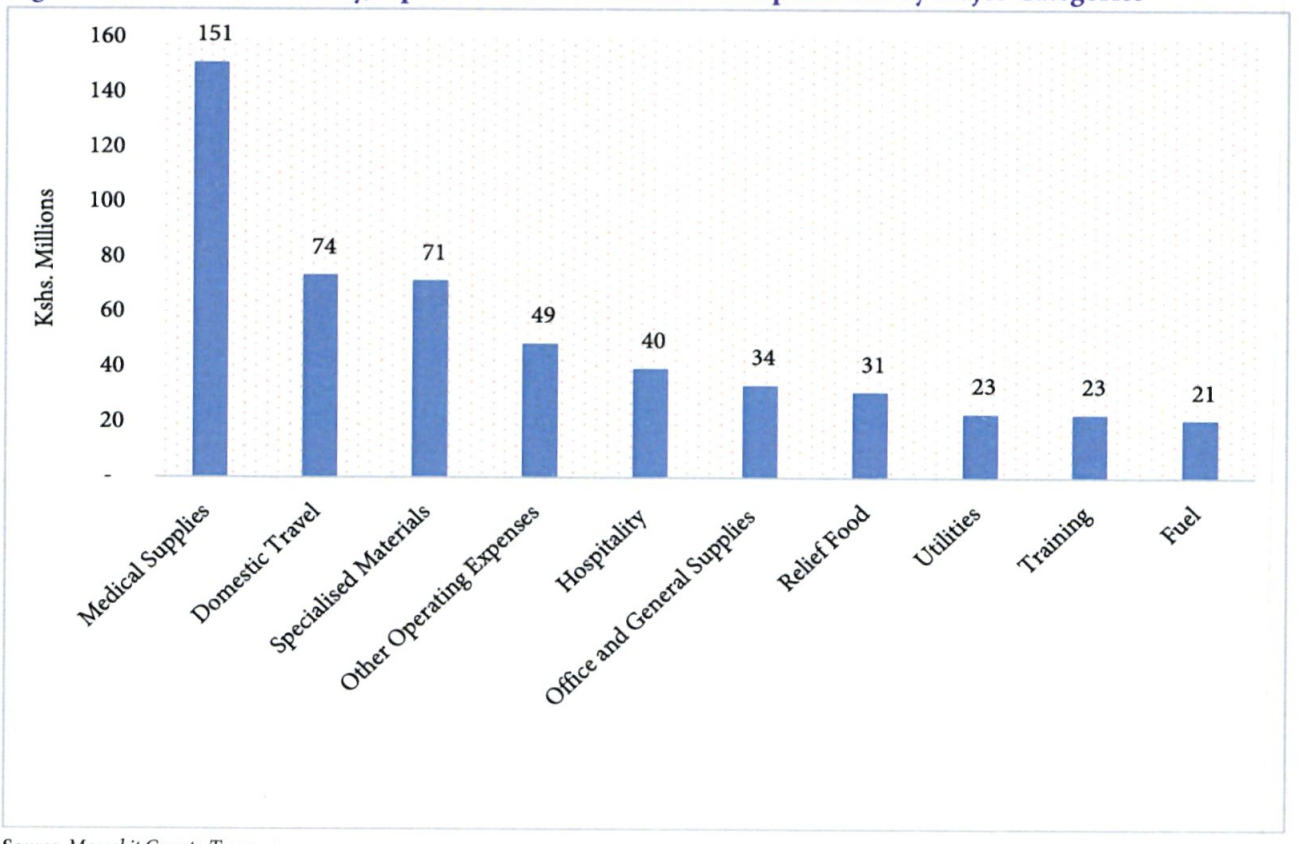
Source: Marsabit County Treasury

The County Assembly spent Kshs.17.9 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.30 million. The average monthly sitting allowance was Kshs.90,461 per MCA. The County Assembly has 20 House Committees.

3.25.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.746.53 million on operations and maintenance, representing an increase of 28 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.539.83 million. Figure 150 summarises the Operations and Maintenance expenditure by major categories.

Figure 150: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: *Marsabit County Treasury*

3.25.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.48.71 million on "*other operating expenses*," which is 7 per cent of the total operations and maintenance expenditure of Kshs.746.53 million. This category of expenditure includes Kshs.11.74 million for OSR mobilisation, Kshs.5.4 million, Kshs.9.08 million for the ward administrators' office operation, and public participation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.373.

Table 3.373: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	County budgeting and planning services	12,500,000	5,616,900
2211399	County budgeting and planning services	12,500,000	11,743,173
2211399	County budgeting and planning services	15,000,000	6,496,868
2211399	County budgeting and planning services	15,000,000	9,087,960
2211399	County Executive	20,000,000	10,267,284
2211399	Department of Administration	8,000,000	5,495,997
	Total	83,000,000	48,708,182

Source: *Marsabit County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: Dairy Subsistence allowances, office expenses, General Supplies, repairs and maintenance of motor vehicles, and board and conferences.

3.25.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.271 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.70 million to the Emergency Fund (1 per cent of the total budget), contrary to Section 110 of the PFM Act, 2012. Table 3.374 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.374: Performance of Marsabit County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Marsabit County Enterprise Fund	2014	_	_	-	27,000,000	NO
2	Marsabit County State Officers and Other Public Officers Car Loan Scheme Fund	2014	_	_	4,774,972	34,000,000	NO
3	Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund	2014	_	_	-	121,000,000	NO
4	Marsabit County Emergency Fund	2014	70,000,000	_	_	826,999,240	NO
5	Marsabit County Scholarship Fund	2016	201,000,000	NIL	nil	802,800,000	NO
	County Assembly Established Funds						
1	Car and Mortgage Loan Scheme for Staff	2019	Nil	Nil	1,554,041	141,570,671	YES
2	Marsabit County Assembly Car Loan and Mortgage –Members	2014	Nil	Nil	452,400	259,000,000	YES
	Total		271,000,000		6,781,413	2,413,369,911	

Source: *Marsabit County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated in Table 3.374, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of

the active Funds were below the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Emergency Fund, the Marsabit County Assembly Car Loan and Mortgage Fund for Members, the Enterprise Fund and the Car and Mortgage Loan Fund for Executives had lapsed. had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.25.13 County Corporations

The County has two Corporations, which were allocated Kshs.109.71 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs 32.31 million, as shown in Table 3.375.

Table 3.375: Performance of Marsabit County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Marsabit Municipality	109,707,946.80	32,309,300	32,309,300	232,758,336.10
	Marsabit Water and Sewerage Company Limited	-	N/A	-	114,098,745
	Total	109,707,946.80	32,309,300	32,309,300	346,857,081

Source: Marsabit County Treasury

3.25.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.73.65 million and comprised Kshs.55.04 million spent by the County Assembly and Kshs.18.62 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.97 million and comprised Kshs.11.01 million by the County Assembly and Kshs.1.96 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.376.

Table 3.376: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	26th October-3rd November 2025	Exchange program on empowering legislative Administration for County Assemblies clerks	France	467,628.0	-	467,628.0
County Assembly	1	26th October-3rd November 2025	Attending an exchange program on empowering legislative Administration for County Assemblies clerks	Spain	333,032.0	-	333,032.0
County Assembly	7	8th to 12 December	Attending an exchange program on Ethiopia's key development sectors, Energy, Agriculture, Leather and Tourism	Ethiopia	3,108,000.0	-	3,108,000.0
County Assembly	7	15th to 19th Dec. 2025	Attending exchange program on Ethiopia's integrated climate-smart Agriculture, Ranching in Arid areas through water management and Eco-Tourism Development"	Ethiopia	3,108,000.0	-	3,108,000.0

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	4	1st to 5th December 25	Attending an exchange program on Ethiopia's key development sectors, Energy, Agriculture, Leather and Tourism	Ethiopia	1,612,233.0	-	1,612,233.0
County Assembly	3	19th to 24th December 25	Attending an exchange program on Ethiopia's key development sectors, Energy, Agriculture, Leather and Tourism	Ethiopia	1,100,000.0	-	1,487,280
County Assembly	1	2nd-4th December 2025	Attending IDU FORUM AT WASHINGTON, DC	USA	444,000.0	-	444,000.0
County Assembly	1	19th September to 26th September 2025	Attending an international conference on endocrinology, diabetes and metabolism	Dubai	449,000.0	-	449,000.
County Executive	1	3rd September 2025	Attending an energy conference	Novotel Perth, Australia	1,964,300	-	1,964,300
Total					12,973,473	-	12,973,473

Source: *Marsabit County Treasury and Marsabit County Assembly*

3.25.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.43.87 million as FIF, which was 37 per cent of the annual target of Kshs.120 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.44.77 million, as shown in Table 3.377.

Table 3.377: Marsabit County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
2.	Level 4 Hospital	4	173,496,000	44,773,190.50	26%
	Total		173,496,000	44,773,190.50	26%

Source: *Marsabit County Treasury*

3.25.16 Development Expenditure

In the review period, the County reported spending Kshs.903.19 million on development programmes, representing a decrease of 8 per cent compared to FY 2024/25, when the County spent Kshs.974.75 million. Table 3.378 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to delays in disbursements of shared revenue and in procurement.

Table 3.378: Marsabit County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Executive	Drought mitigation programme	County-wide	July 2025	June 2026	209,625,050.	209,625,050.	209,625,050.	209,625,050.	70

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Health	Sololo Level Iv Hospital	Sololo	2023-2024	6/30/2026	80,000,000.	80,000,000.	45,281,553.	45,281,553	57
3	County Assembly	Construction And Completion of Modern Chamber	Chamber -HQ	25 April 2018	June 2026	344,205,660	24,266,855	24,266,855	285,377,786	80
4	County Assembly	Structured Cabling and PBX Works	Chamber -HQ	01 April 2024	28/11/2025	72,500,000	12,388,411	12,388,411	51,453,781	100
5	County Assembly	Construction of the Extension of Office Development	HQ	25 April 2018	June 2026	64,993,106	12,168,203.	12,168,203	40,626,170.75	80
6	Health	Sololo Level Iv Hospital	Sololo	2023-2024	6/30/2026	80,000,000	80,000,000	45,281,553	45,281,553	57
7	Health	Cold Storage Facilities at Illeret	Illeret	2021-2024	6/30/2026	9,000,000	9,000,000	9,000,000	9,000,000	100
8	County Assembly	Installation of Hansard and Audio Visual System	Chamber -HQ	01 April 2024	28/11/2025	27,605,141	7,707,259.80	7,707,259.80	17,348,954	
9	Education	Completion of ECD Class, Furnishing, Kitchen & Stores & Double Pit Latrines	Neliarai	2021-2024	6/30/2026	4,499,431.20	4,499,431.20	4,499,431.20	4,499,431.20	100
10	Water	Replacement Of Water Pipes At N/ Horr Town	North Horr	2021-2024	6/30/2026	4,150,000	4,150,000	4,150,000	4,150,000	100
Equalisation Funded Projects										
1	Equalisation Fund - Water	Construction Of Rock Catchment and Piping Works To Ngurunet Town In Laisamis Sub-County	korr Ngurnit	2/24/2025	9/22/2025	9,680,000	9,700,000	9,680,000	9,680,000	100
2	Equalisation Fund - Health	Construction Of Laboratory Block At North Horr Health Centre	North Horr	4/21/2024	9/3/2025	7,500,768.50	7,760,000	7,500,768.50	7,500,768.50	100
3	Equalisation Fund - Health	Construction Of Dispensary At Barambate	North Horr	8/2/2024	9/18/2025	6,500,250.65	6,790,000	6,500,250.65	6,500,250.65	100
4	Equalisation Fund - Education	Erection And Completion of Science Laboratory Block At Moi Girls Secondary School	Saku	5/15/2025	9/24/2025	6,463,276.40	11,200,000	6,463,276.40	6,463,276.40	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
5	Equalisation Fund - Water	Construction Of Rock Catchment and Piping Works to Intel Village in Laisamis Sub-County	korr Ngurnit	1/20/2025	9/22/2025	5,673,690	5,820,000	5,673,690	5,673,690	100
6	Equalisation Fund - Health	Erection And Completion of Maternity Block at Arge In Laisamis	Kargi / South Horr	7/9/2025	9/15/2025	5,068,530.80	6,402,000	5,068,530.80	5,068,530.80	80
7	Equalisation Fund - Roads	Upgrading Of Road to Gravel Standard from Loiyangalani to Layeni Laisamis Sub-County	Loyangalani	3/11/2025	9/15/2025	4,899,350	4,900,000	4,899,350	4,899,350	100
Donor Funded Projects										
1	Agriculture-DPRNK Donor Funded	Drilling And Equipping of A Borehole and Other Ancillary Structures.	Churle village	9/10/2025	3/10/2026	17,566,675	16,528,000	8,487,531	8,487,531	70
2	Agriculture-DPRNK Donor Funded	Drilling And Equipping of A New Borehole, an elevated storage tank, and a water kiosk	Godoma village	10/13/2025	4/13/2026	16,700,321	20,000,000	8,163,540	8,163,540	70
3	Agriculture-FSRP Donor Funded	Construction Of Idido Water Pan	North Horr	29/09/2025	14/11/2025	7,894,275	7,894,275	7,894,275	7,894,275	100
4	Agriculture-DPRNK Donor Funded	Community Water Reticulation Project in Hulahula Village	Hulahula Village	9/10/2025	3/10/2026	7,245,830.63	8,900,000	5,571,376.88	5,571,376.88	80
6	Road	Routine Maintenance of Hurri Hills-Kalesa Rd	10/1/2025	12/1/2025	4,936,322	5,000,000	4,936,322	4,936,322	4,936,322	100
7	Road	Routine Maintenance of A2-Kargi Rd	10/1/2025	12/1/2025	4,931,508	4,950,000	4,931,508	4,931,508	4,931,508	100
8	Road	Routine Maintenance of Burgabo -Hurri Hills	10/1/2025	12/1/2025	4,910,860	5,000,000	4,910,860	4,910,860	4,910,860	100
9	Road	Routine Maintenance of Qate-Khob Rd	10/1/2025	12/1/2025	4,823,280	4,900,000	4,823,280	4,823,280	4,823,280	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
10	Road	Routine Maintenance of A2-Kubi Qallo Rd	10/1/2025	12/1/2025	4,799,802	4,800,000	4,799,802	4,799,802	4,799,802	100

Source: *Marsabit County Treasury*

The County did not report any stalled development projects as of 31st December 2025. Table 3:380 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.379: Marsabit County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	741.49	240.60	355.95	78.14	355.95	73.84	100	94	48	31
County Executive	458.10	150	235.07	-	235.07		100	-	51	_
Finance & Economic Planning	579.95	700	206.99	393.23	208.37	393.23	101	-	36	56
Agriculture, Livestock & Fisheries	302.16	1,001.31	162.08	288.04	160.46	212.21	99	74	53	21
County Public Service Board	103.38	5	38.55	-	38.55	-	100	_	37	_
Education, Skill Development, Youth & Sports	651.20	91.20	227.41	-	226.02	-	99	-	35	-
County Health Services	2,154.78	202.73	1,033.81	45.28	1,033.83	43.54	100	_	48	21
Administration, Coordination & ICT	790.43	416.15	210.98	-	211.18	5	100	_	27	1
Energy, Lands & Urban Development	246.46	183.30	65.32	32.31	65.12	32.31	100	100	26	18
Roads & Public Works	125.48	142.08	51.14	83.51	54.18	78.70	106	94	43	55
Water, Environment & Natural Resources	175.03	487.79	87.85	48.30	82.24	64.38	94	133	47	13
Trade, Industry & Enterprise Development	107.41	4.10	45.96	-	46.68	--	102	_	43	_
Tourism, Culture & Social Services	185.64	48.70	109.70	-	108.98		99	_	59	_
Office of the County Attorney	24.97	-	8.39	-	8.39	-	_	_	34	_
Office of the County Secretary	10.50	-	5.45	-	5.45	-	_	_	52	_
Total	**6,656.98**	**3,672.95**	**2,844.65**	**968.81**	**2,840.46**	**903.20**	**100**	**93**	**43**	**25**

Source: *Marsabit County Treasury*

Analysis of departmental expenditure shows that the Department of Finance & Economic Planning recorded the highest absorption rate of the development budget at 56 per cent, followed by the Department of Roads & Public Works at 55 per cent. The Department of Tourism, Culture & Social Services had the highest percentage of recurrent expenditure to budget at 59 per cent, while the Department of Energy, Lands & Urban Development had the lowest at 26 per cent. Low absorption across departments was attributed to delays in disbursing shareable revenue, low OSR collection, and delays in procurement.

3.25.17 Budget Execution by Programmes and Sub-Programmes

Table 3.380 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.380: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT -FINANCE AND PLANNING				
General administration, planning, and Support Services	Administration services-payables	700,000,000	393,226,193	56
DEPARTMENT -ROADS & INFRUSTRUCTURE DEVELOPMENT				
Road Transport Infrastructure Development	Roads Infrastructure Development	142,081,414	78,700,442	55
DEPARTMENT -AGRICULTURE, LIVESTOCK, AND FISHERIES				
Crop Development and Management	Lands and Crop Development	610,002,208	297,646,693	49
DEPARTMENT -AGRICULTURE, LIVESTOCK, AND FISHERIES				
Crop Development and Management	Food Security Initiatives	266,153,846	111,221,609	42
DEPARTMENT -HEALTH SERVICES				
General Administration, Planning and Support Services	Health Infrastructure development	166,226,602	45,281,553	27
RECURRENT				
DEPARTMENT -TOURISM, CULTURE AND SOCIAL SERVICES				
Culture Services	Development and Promotion of Culture	70,000,000	69,999,500	100
DEPARTMENT OF ADMISTRATION AND ICT				
General administration, planning, and Support Services	Peacebuilding and conflict resolution	13,000,000	11,611,200	89
DEPARTMENT -HEALTH SERVICES				
Curative Health Services	Drugs and commoditieS	173,000,000	149,244,629	86
DEPARTMENT -FINANCE AND ECONOMIC PLANNING				
Public Finance Management	Budget formulation, coordination & Management	15,000,000	12,903,976	86
DEPARTMENT-COUNTY ASSEMBLY				
General Administration Support Services	SP 1.1 salaries and allowances for employees and M.C. As	344,293,000	183,199,365	53

Source: *Marsabit County Treasury*

The development sub-programmes with the highest budget implementation rates were: General administration planning and Support Services in the Department of Planning and Finance at 56 per cent, Roads Infrastructure Development in the Department of Roads at 55 per cent, and Lands and Crop Development in the Department of Agriculture, Livestock and Fisheries at 49 per cent.

For recurrent sub-programmes, the top performers included: development and promotion of culture in the department of tourism, culture and social services at 100 per cent, peace building and conflict resolution in the department of Administration and ICT at 89 per cent, and drugs and commodities in the department of Health Services at 86 per cent.

The higher performance of these programmes can be attributed to the prioritisation of the county and the respective department, given their role in supporting service delivery.

Table 3.381: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT - WATER, ENVIRONMENT AND NATURAL RESOURCES				
Water Resources Management	Water Supply Infrastructure Development	75,900,000	-	-
DEPARTMENT-EDUCATION, SKILLS DEVELOPMENT, YOUTH AND SPORTS				
Pre – Primary Education	ECD Infrastructure Development and Management	83,400,000	-	-
DEPARTMENT -AGRICULTURE, LIVESTOCK, AND FISHERIES				
Livestock Resources Management and Development	SP3 Livestock Production and Management	112,150,000	256,000	1
DEPARTMENT -ADMINISTRATION AND ICT				
Coordination of functions of devolved units	Co-ordination of County Government Departments	416,150,000	4,999,120	1
DEPARTMENT-WATER, ENVIRONMENT AND NATURAL RESOURCES				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	11,446,016	2,412,590	21
RECURRENT				
DEPARTMENT - PHYSICAL PLANNING AND DEVELOPMENT				
General administration, planning and support services	Use of goods	3,200,000	46,441	1
DEPARTMENT - HEALTH SERVICES				
Urban Development Services	Administrative and support services	10,000,000	662,250	7
DEPARTMENT- HEALTH SERVICES				
General Administration, Planning and Support Services	Health Planning and Financing	120,000,000	3,640,000	3
DEPARTMENT-FINANCE AND PLANNING				
Public Finance Management	Supply chain services	7,000,000	390,000	6
DEPARTMENT OFFICE OF THE COUNTY ATTORNEY -				
General administration, planning, and Support Services	Administration services	14,000,000	1,963,772	14

Source: *Marsabit County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Water Supply Infrastructure Development in the Department of Water, Environment and Natural Resources at zero per cent, ECD Infrastructure Development and Management in the Department of Education, Skills Development, Youth and Sports at zero per cent, and Livestock production and Management in the Department of Agriculture, Livestock and fisheries at 1 per cent.

For recurrent sub-programmes, the lowest-performing included: General administration, planning, and support services in the Department of Physical Planning and Development at 1 per cent; Health Planning and Financing in the Department of Health Services at 3 per cent; and Supply chain services in the Department of Finance and Planning at 3 per cent.

These lower performances can be attributed to late disbursement and low own-source revenue (OSR) collection, leading to prioritisation of the county and its departments, given their role in supporting service delivery.

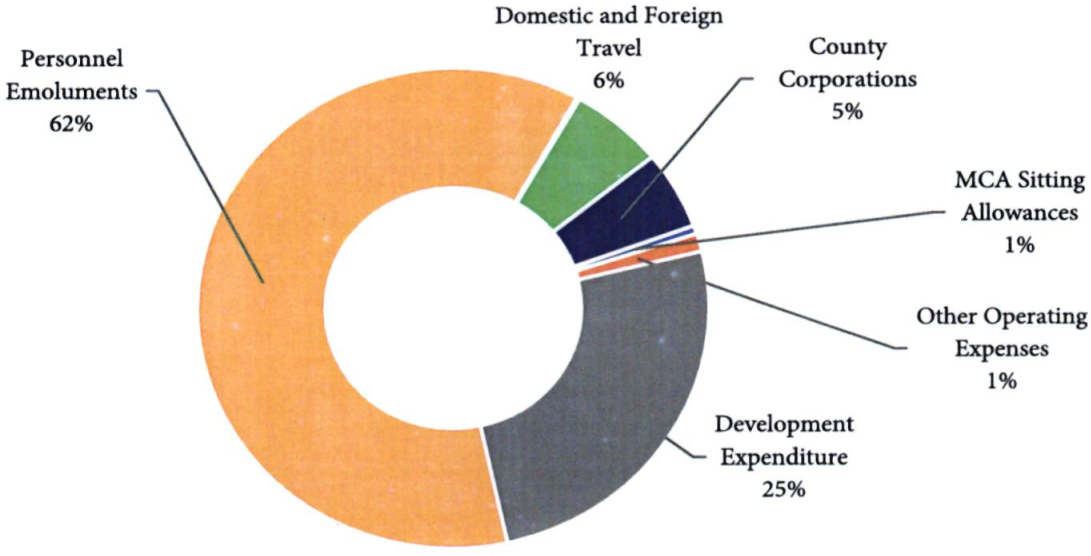
3.25.18 Expenditure Review

The County spent Kshs.6.56 billion on development and recurrent programmes in the reporting period. The expenditure represented 135 per cent of the total funds released by the CoB. It comprised Kshs.1.18 billion for development programmes and

Kshs.5.38 billion for recurrent programmes. Expenditure on development programmes represented 19 per cent of the annual development expenditure budget, while recurrent expenditure represented 55 per cent of the annual recurrent expenditure budget.

Figure 151 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 151: Meru County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Meru *County Treasury*

As shown in Figure 151, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic and Foreign Travel, which accounted for 62, 25, and 6 per cent of total expenditure, respectively, for the reporting period.

3.25.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue-collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County government operated 112 accounts with commercial banks, including 95 for Health Facilities, four for Vocational Training Centres, five for Established Funds, two revenue accounts, one special-purpose account (additional allocations), two imprest accounts, one development-operational account, and two deposit accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening all the commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.25.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Marsabit County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 26th January 2026.
ii. The underperformance of own-source revenue at Kshs.39.68 million against an annual target of Kshs.150 million, representing 26 per cent of the financial year target.

iii. Low development performance in the review period as the County incurred Kshs.903.19 million on development activities, achieving a 25 per cent absorption rate.

iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Emergency Fund, the Marsabit County Assembly Car Loan and Mortgage Fund for Members, the Enterprise Fund and the Car and Mortgage Loan Fund for Executives had lapsed, making them ineligible for further withdrawals.

v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Scholarship Fund, Emergency Fund, Car Loan and Mortgage—Executive Fund, Marsabit County Assembly Car Loan and Mortgage –Member and staff Fund were not submitted to the CoB as of 15 July 2025.

vi. High level of trade payables, which amounted to Kshs.408.26 million as of 31st December 2025. Furthermore, the County Treasury and county Assembly did not adhere to the payment plan for trade payables.

vii. Use of manual payroll. Personnel emoluments amounting to Kshs.67.92 million for 717casual staff were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

viii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

ix. In the FY2025/26 reporting period, health facilities were owed a combined total of Kshs.71.83 million across the two schemes—SHIF and the defunct NHIF. The persistent delay in remitting approved claims undermines hospitals' ability to generate and utilise revenue at source as intended, thereby constraining their capacity to fund critical operations, procure essential medical supplies, and deliver quality healthcare services.

x. The County reported Kshs.47.89 million under "*other operating expenses,*" accounting for 7 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*

ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*

v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

vii. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

viii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

ix. *The SHA should expedite the settlement of all outstanding claims owed to health facilities, including those carried over from the defunct NHIF. Timely payment of these claims is crucial to enable health facilities to generate and utilise revenue at source, as per the Facilities Improvement Act.*

x. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.26. County Government of Meru

3.26.1 Overview of FY 2025/26 Budget

The Meru County Approved Budget for FY 2025/26 is Kshs.16.02 billion. It comprises Kshs.6.22 billion (39 per cent) and Kshs.9.79 billion (61per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an in-

crease of Kshs.2.10 billion (15 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.97 billion and a recurrent budget of Kshs.13.92 billion. The increase in the budget was primarily attributed to the rise in unspent

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.10.55 billion (66 per cent), additional allocations of Kshs.2.37 million (15 per cent), a cash balance of Kshs.1.26 million (8 per cent) brought forward from FY 2024/25, and Kshs.1.84 billion (11 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.382

3.26.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.6.21 billion. This amount represented an increase of 14 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.5.46 billion. The total revenue consisted of Kshs.4.38 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.18.08 million, as well as own-source revenue (OSR) collection of Kshs.608.25 million. Additionally, the County had a cash balance of Kshs.1.21 billion from FY 2024/25. The total OSR collection of Kshs.608.25 million included Facilities Improvement Financing (FIF) of Kshs.479.01 million, and Kshs.129.24 million from other OSR sources. Table 3.382 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.382: Meru County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	1,257,299,198	1,205,504,417		1,205,504,417	51,794,781
2	County Executive Refunds to CRF	64,056	64,056		64,056	-
3	County Assembly Refunds to CRF	82	82		82	-
	Sub-Total	**1,257,363,336**	**1,205,568,556**	-	**1,205,568,556**	**51,794,781**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	10,553,946,059	4,379,887,614		4,379,887,614	6,174,058,445
	Sub-Total	**10,553,946,059**	**4,379,887,614**	-	**4,379,887,614**	**6,174,058,445**
C	**Transfers from the Equalisation Fund**					
1	Equalization Fund Disbursement	-	-		-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	World Bank for national agricultural value chain development project (NAVCDP)	317,733,229	-		-	317,733,229
2	IFAD Loan for Aquaculture Business Development Project (ABDP)	23,306,984	-		-	23,306,984
3	Danida	12,382,500	-		-	12,382,500
4	Kenya Devolution Support Programme(KDSP II)- Recurrent	75,000,000	-		-	75,000,000
5	World credit Financing Locally-Led Climate Action	453,456,351	18,083,447		18,083,447	435,372,904
6	World Bank KUSP (Kenya Urban Support Programme)-UIG	30,840,700	-		-	30,840,700
7	World Bank KUSP (Kenya Urban Support Programme) -UDG	458,222,663	-		-	458,222,663
8	Kenya Agricultural Business Development Projects (KABDP)	10,918,919	-		-	10,918,919
9	Kenya Devolution Support Programme (KDSP II)-Development	371,006,111	-		-	371,006,111
10	Kenya Roads Board- Fuel Levy 2024/25	284,617,468	-		-	284,617,468

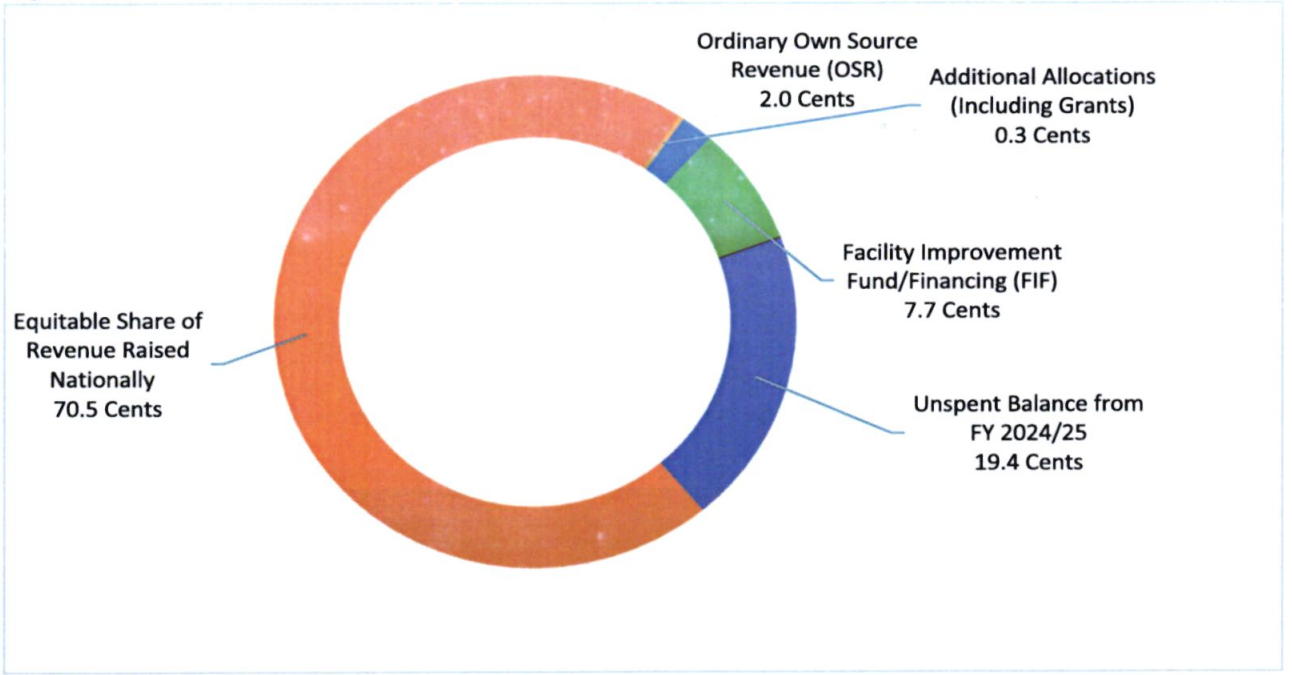
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
11	Kenya Roads Board- Fuel Levy 2025/26	284,617,468	-		-	284,617,468
12	County Basic Salary Arrears	43,915,785	-		-	43,915,785
	Sub-Total	**2,366,018,177**	**18,083,447**	-	**18,083,447**	**2,347,934,730**
E	**Ordinary Own Source Revenue (OSR)**					
1	Single business permit	226,901,372	12,793,976	-	12,793,976	214,107,396
2	Cess	122,016,150	36,053,886	-	36,053,886	85,962,264
3	Parking fees	104,419,796	27,058,423	-	27,058,423	77,361,373
4	Market fee	51,779,748	14,605,883	-	14,605,883	37,173,865
5	Land Rates	97,402,625	3,492,613	-	3,492,613	93,910,012
6	Outdoor adverts. & Signboard	85,515,640	6,989,120	-	6,989,120	78,526,520
7	Building plans	43,384,796	10,102,731	-	10,102,731	33,282,065
8	Plot Rent	5,210,247	730,930	-	730,930	4,479,317
9	House rent/Stall rent	19,736,220	3,725,595	-	3,725,595	16,010,625
10	Slaughter house fees	8,939,431	2,232,420	-	2,232,420	6,707,011
11	Meat Inspection and Veterinary Services	1,694,867	210,900	-	210,900	1,483,967
12	Impounding fees & Fines	2,282,349	1,270,253	-	1,270,253	1,012,096
13	Toilet's fee	884,014	183,880	-	183,880	700,134
14	Application fees	508,435	565,900	-	565,900	- 57,465
15	Income from county properties/ Estates	286,582	68,500	-	68,500	218,082
16	Fire section fee	155,185	32,000	-	32,000	123,185
17	Refuse collection fee	974,603	121,000	-	121,000	853,603
18	Transfer & Subdivision fee	2,341,254	324,000	-	324,000	2,017,254
19	Sale of County Documents.	361,418	65,000	-	65,000	296,418
20	Audit Fees/Sacco registration	1,850,399	197,550	-	197,550	1,652,849
21	Weight and Measures	2,991,643	1,473,190	-	1,473,190	1,518,453
22	Surrender of Imprest/Salary	14,937,371	2,421,588	-	2,421,588	12,515,783
23	Burial permit (MTRH)	4,083	1,600	-	1,600	2,483
24	Library fees	1,421,772	358,455	-	358,455	1,063,317
	Sub-Total	**796,000,000**	**125,079,393**	-	**125,079,393**	**670,920,607**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	615,300,000	300,016,440	-	300,016,440	315,283,560
2	Defunct NHIF	-	-	-	-	-
3	Other	410,200,000	178,994,045	-	178,994,045	231,205,955
	Sub-Total	**1,025,500,000**	**479,010,485**	-	**479,010,485**	**546,489,515**
G	**Appropriations in Aid**					
1					-	-
	Sub-Total	-	-	-	-	-
H	**Other Revenues**					
1	Kaguru ATC	20,000,000	4,157,261		4,157,261	15,842,739
	Sub-Total	**20,000,000**	**4,157,261**	-	**4,157,261**	**15,842,739**
	Grand Total	**16,018,827,572**	**6,211,786,756**	-	**6,211,786,756**	**9,807,040,816**

Source: *Meru County Treasury*

Indicate whether the County has a governing legislation on the operation of ordinary A-I-A and FIF. The county

Figure 152 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

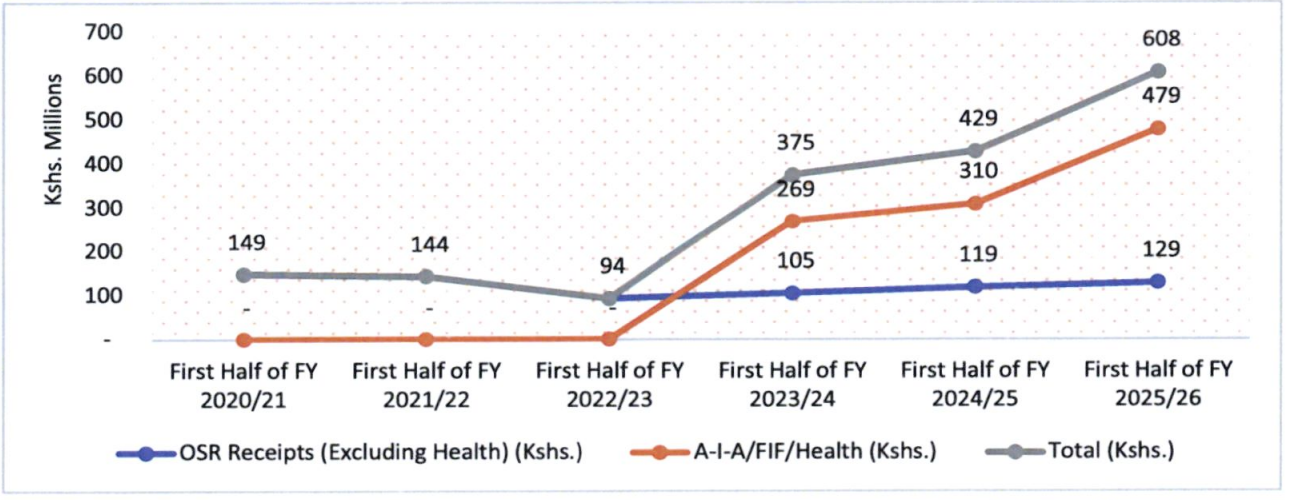
Figure 152: Meru County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Meru County Treasury*

The equitable share of revenue raised nationally, balance brought forward from FY 2024/25, and FIF contributed 71 per cent, 19 per cent and 8 per cent, respectively, of the total receipts for the reporting period. Figure 152 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 153: Meru County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

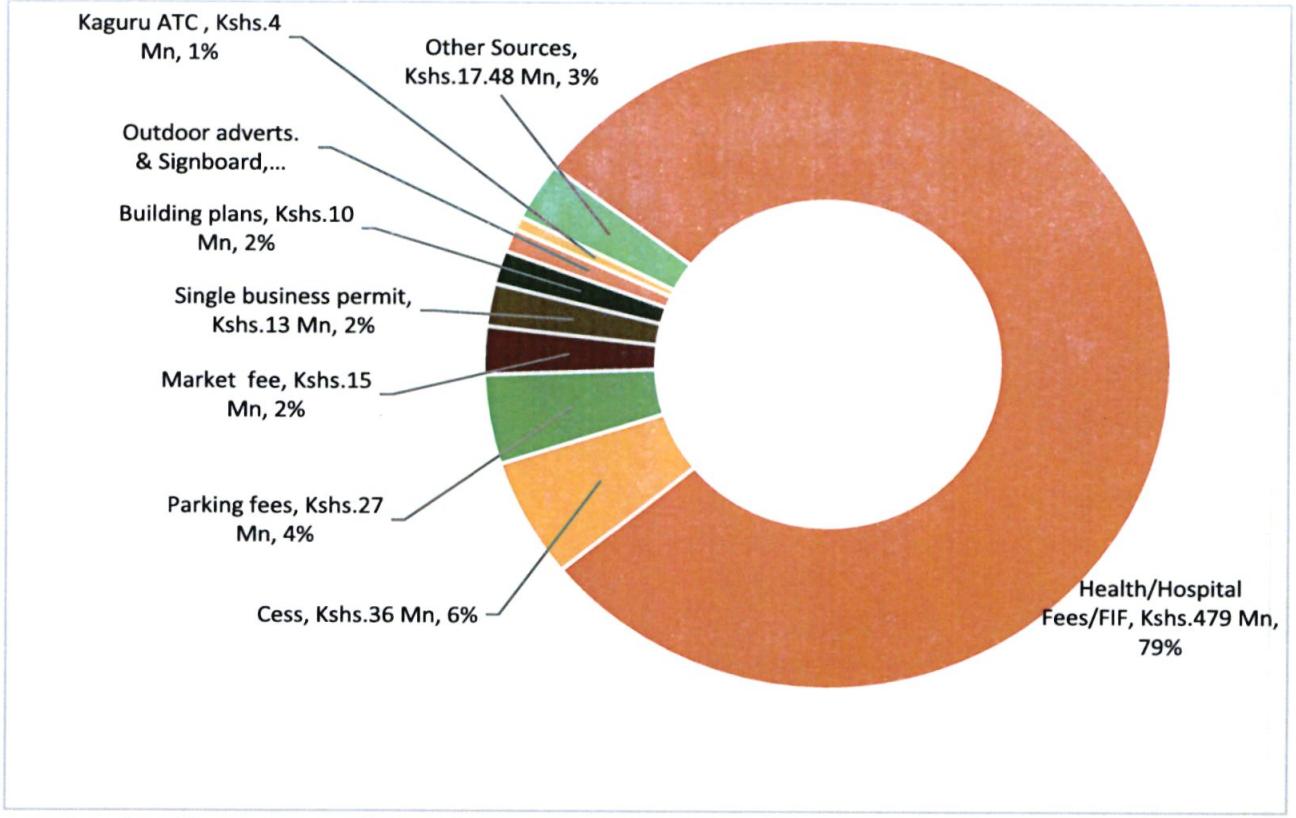


Source: *Meru County Treasury*

During the first half of FY 2025/26, the County received Kshs.608.25 million from OSR, including FIF. This amount was an increase of 42 per cent compared to Kshs.428.56 million realised in a similar period in FY 2024/25, and was 33 per cent of the annual target and 14 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 154

Figure 154: Meru County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Meru County Treasury

As shown in Figure 153, the highest revenue stream, at Kshs.479.01 million, was from Health/Hospital Fees/FIF, accounting for 79 per cent of the total OSR receipts. The County Government indicated that it has automated 22 of 24 revenue streams.

3.26.3 Borrowing by the County

The County reported no borrowing as at 31 December 2025

3.26.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.4.87 billion from the Meru County Revenue Fund (CRF) account. This amount consisted of Kshs.798.54 million (16 per cent) designated for development programs and Kshs.4.07 billion (84 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.2.74 billion was allocated to employee compensation and Kshs.1.33 billion to operations and maintenance expenditures. Within the operations and maintenance category, 13 per cent was for domestic travel and 5 per cent for foreign travel. The domestic travel exchequers totalled Kshs.170.53 million, which included Kshs.108.48 million for the County Executive and Kshs.62.05 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.65.34 million, with Kshs.1.63 million for the County Executive and Kshs.63.70 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Meru CRF account was Kshs.361.90 million.

3.26.5 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.85 billion. This amount consisted of Kshs.1.79 billion from the County Executive and Kshs.60.06 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.995.63 million for recurrent expenditure and Kshs.792.60 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.02 billion, comprising Kshs.638.95 million (63 per cent) for recurrent programmes and Kshs.379.56 million (37 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.60.06 million, which included Kshs.60.06 million (100 per cent) for

recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.769.72 million for County Executive and Kshs.0 for County Assembly. Table 3.383 provides additional details of trade payables.

Table 3.383: Meru County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	792,601,182	995,628,807	1,788,229,988
		County Assembly	-	60,061,642	60,061,642
		Total	792,601,182	1,055,690,449	1,848,291,630
Pending bills scheduled to be settled in Q2 of FY 2025/26 according to the action plan	b	County Executive	661,864,447	777,773,701	1,439,638,149
		County Assembly	-	60,061,642	60,061,642
		Total	661,864,447	837,835,343	1,499,699,790
Amount paid in FY 2025/26	c	County Executive	379,557,930	638,954,001	1,018,511,931
		County Assembly		60,061,642	60,061,642
		Total	379,557,930	699,015,643	1,078,573,573
Pending Bills Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding pending bills as of 31 December 2025	e=a-c*b	**County Executive**	413,043,251	356,674,806	769,718,057
		County Assembly	-	-	-
		Total	**413,043,251**	**356,674,806**	**769,718,057**

Source: *Meru County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.837.84 million and Kshs.661.86 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.1.02 billion for the Executive and Kshs.60.06 million for the Assembly.

Table 3.384 presents the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.769.72 million.

Table 3.384: Meru County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**146,103,174**	**37,190,256**	**162,318,366**	**67,431,455**	**413,043,251**
Recurrent Trade Payables (Goods & Services)	248,661,320	47,116,420	51,693,844	6,221,921	353,693,506
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	2,981,300	-	-	-	2,981,300
Recurrent Trade Payables	251,642,620	47,116,420	51,693,844	6,221,921	356,674,806
Executive Trade Payables	397,745,794	84,306,676	214,012,211	73,653,376	769,718,057
% of Executive Trade Payables	52	11	28	10	100

Source: *Meru County Treasury*

The County did not adhere to the Trade Payables Action plan. The County Treasury is advised to pay the Trade Payables on the First in First Out (FIFO) basis and ensure compliance with the Trade Payables Action plan submitted to the CoB at the beginning of the financial year.

3.26.6 Expenditure by Economic Classification

The County Executive incurred Kshs.2.92 billion on compensation of employees, Kshs.2.88 billion on operations and maintenance, and Kshs.1.11 billion on development activities. Similarly, the County Assembly spent Kshs.272.69 million on compensation of employees, Kshs.311.67 million on operations and maintenance, and Kshs.71.46 million on development activities, as shown in Table 3.385.

Table 3.385: Meru County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**8,731,039,744**	**1,063,230,263**	**3,812,768,751**	**490,125,935**	**979,967,759**	**94,232,161**	**4,792,736,510**	**584,358,096**	**55**	**55**
Compensation of Employees	4,978,103,069	541,792,826	2,486,702,840	229,330,483	429,288,006	43,354,923	2,915,990,847	272,685,406	59	50
Operations and Maintenance	3,752,936,675	521,437,437	1,326,065,911	260,795,452	550,679,753	50,877,238	1,876,745,663	311,672,690	50	60
Development Expenditure	**6,094,291,462**	**130,266,104**	**944,370,433**	**26,139,941**	**169,055,257**	**45,320,949**	**1,113,425,690**	**71,460,890**	**18**	**55**
Total	14,825,331,206	1,193,496,367	4,757,139,184	516,265,876	1,149,023,016	139,553,110	5,906,162,200	655,818,986	40	55

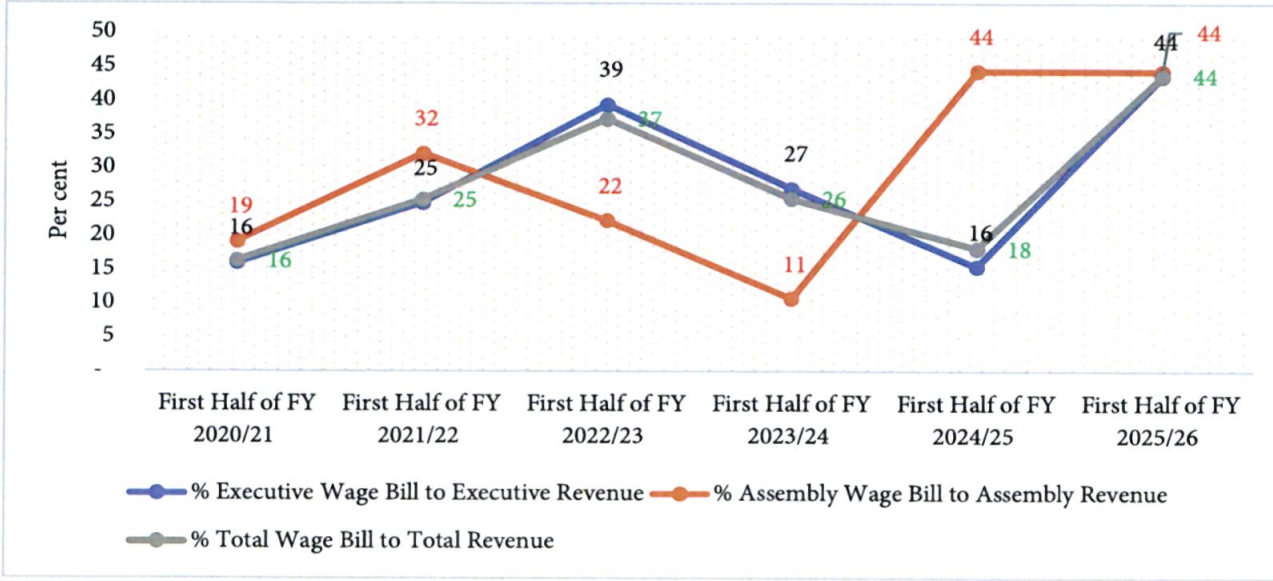
***Source**: Meru County Treasury*

3.26.7 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.19 billion. The percentage of compensation of employees to revenue was 44 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.63 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.29 billion related to Health Sector employees, accounting for 40 per cent of the overall employees' compensation. The 21 per cent increase in compensation of employees compared to the previous period's performance is due to changes in accrual reporting and the recognition of statutory deductions from previous years paid during the current reporting period.

Figure 155 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 155: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Meru County Treasury

Further analysis indicated that PE costs totalling Kshs.2.93 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.263.24 million was processed through manual payrolls, which accounted for 8 per cent of the total PE cost.

The manual payroll comprised salaries for casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, LAPTRUST/LAPFUND Pension Contributions, Telephone Allowance, Fringe benefit tax, Mileage, Interns, Leave allowance, Salary arrears, Statutory deductions and others, and Statutory deductions (Arrears) as shown in Table 3.386.

Table 3.386: Breakdown of Meru County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for casual staff	2,897,357
2	Top-up Allowances for 4 security officers	756,000
3	LAPTRUST/LAPFUND Pension Contributions	16,039,347.50
4	Gratuity for contract staff	5,580,807.10
5	Telephone Allowance	1,410,000
6	Fringe benefit tax	3,639,785.45
7	Mileage	7,751,249.70
8	Interns	220,000
9	Leave allowance	522,480
10	Salary arrears	52,256,395.85
11	Statutory deductions and others	427,336.90
12	Statutory deductions -Arrears	171,738,978
	Total	263,239,737.50

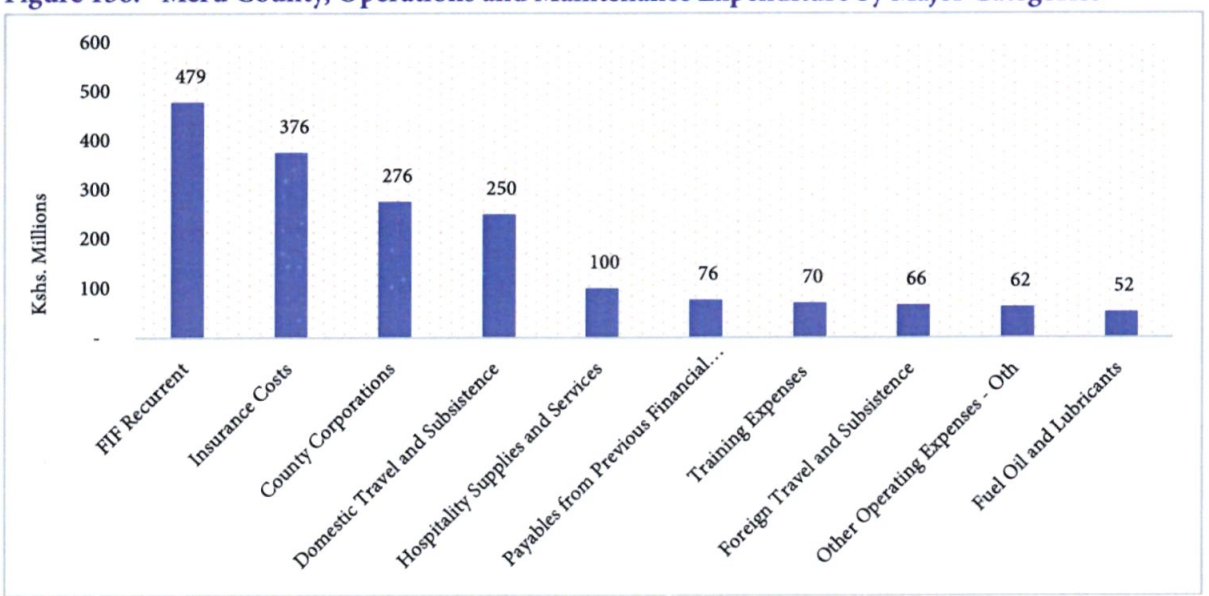
Source: Meru County Treasury

The County Assembly spent Kshs.29.30 million on committee sitting allowances for the 69 MCAs against the annual budget allocation of Kshs.71.04 million. The average monthly sitting allowance was Kshs.69,759 per MCA. The County Assembly has 27 House Committees.

3.26.8 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.2.19 billion on operations and maintenance, representing an increase of 57 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.39 billion. Figure 156 summarises the Operations and Maintenance expenditure by major categories.

Figure 156: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: *Meru County Treasury*

3.26.9 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.62.21 million on "*other operating expenses-other*," which is 3 per cent of the total operations and maintenance expenditure of Kshs.2.19 billion. This category of expenditure does not include Kshs.13.55 million for legal fees and compensation payments, which have been reported separately. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.387.

Table 3.387: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	The allocation is to facilitate Environmental Health and Environmental Health drug disposal, and no economic item as per the chart of accounts	1,000,000	152,300
2211399	The funds are to fund ward community activities for sports, youth and Gender across all wards, and the itemisation includes several items, hence making it difficult to assign one economic item, therefore necessitating the use of the other operating expenses item	90,096,501	43,591,540
2211399	The funds are to facilitate the Women Empowerment Programme (Kshs.24M); Gender Mainstreaming(Kshs.2.595M), and Gender Mainstreaming Programmes-Ward Community Programmes(Ksshs.21.5M)	48,095,000	18,468,662
Total		**139,191,501**	**62,212,502**

Source: *Meru County Treasury*

3.26.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.150 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County did not allocate funds to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.388 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.388: Performance of Meru County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1.	Meru County Retention and Enhancement Fund	2018	50,000,000	-	-	986,483,479	No
2.	Meru County Executive Staff Housing	2015	70,000,000	-	5,297,207	803,207,820	Yes
County Assembly Established Funds							
3.	County Assembly of Meru Staff Car Loan and Housing Scheme Fund	2025	30,000,000	10,000,000	3,333,009	295,914,906	Yes
4.	County Assembly of Meru Members Car Loan and Housing Scheme Fund	2017	-	-	8,018,995	482,392,800	yes
	Total		**150,000,000**	**10,000,000**	**16,649,211**	**2,567,999,005**	

Source: *Meru County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Meru County Retention and Enhancement Fund Administrators, as indicated in Table 3:389, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the County Assembly of Meru Members Car Loan and Housing Scheme Fund were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Meru County Executive Staff Housing Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.26.11 County Corporations

The County has 6 County Corporations, which were allocated Kshs.636.53 in FY 2025/26. Their total expenditure for the review period amounted to Kshs.273.97 million, as shown in Table ß:390. Among the 6 is the Meru County Alcoholic Drinks Control Board, whose reports have not been provided.

Table 3.389: Performance of Meru County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Meru Investment Corporation	22,064,500	15,754,208	15,754,208	266,592,184
2.	Meru Microfinance Corporation	79,933,763	34,576,630	34,576,630	627,821,607
3.	Meru County Revenue Board	397,527,156	196,797,648	196,797,648	1,917,712,062
4.	Agricultural Training Centre-Kaguru	45,000,000	7,825,258	7,825,258	94,906,174
5.	Meru Youth Service	92,000,000	19,014,794	19,014,794	253,814,794
	Total	636,525,419	273,968,539	273,968,539	3,160,846,821

Source: *Meru County Treasury*

3.26.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.250.30 million and comprised Kshs.129.46 million spent by the County Assembly and Kshs.120.83 million by the County Executive. Expenditure on foreign travel amounted to Kshs.66.34 million and comprised Kshs.63.72 million by the County Assembly and Kshs.2.62 million by the County Executive. Expenditure on foreign travel is summarised in Table ß:391.

Table 3.390: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	7th to 12th Dec 2025	Cyber & AI week 2025 conference in Tel Aviv, organised by the Israel Economic & Trade Mission at the Israel embassy, and the Israel Ministry of Economy & Industry	ISRAEL	1,634,607
County Assembly	7	28th Aug to 5th Sept 2025	Facilitation to African transformation and Digital Innovation Initiative Conference	Singapore	6,512,557
County Assembly	7	30th Aug to 6th Sept 2025	Facilitation for the East African Regional Conference	Arusha TZ	3,983,140
County Assembly	6	8th to 15th Sept 2025	Facilitation to Leadership and Governance in a Global Context Conference	Dubai	4,732,620
County Assembly	7	4th to 11th Sept 2025	Facilitation of Climate Innovation Training	Dubai	5,476,563
County Assembly	6	6th to 13th Sept 2025	Facilitation to Policy and Innovation Forum	Arusha TZ	3,614,620
County Assembly	6	1st to 7th Oct 2025	Facilitation to the 12th International Conference on Foundations of Computer Science and Technology	Dubai	4,787,837
County Assembly	6	10th to 16th Sept 2025	Facilitation to the International Conference on Internet of Things, Big Data Analysis and Information Technology	Dubai	4,858,170

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	22nd Sept to 1st Oct 2025	Facilitation to Benchmarking at Hawassa Agri-Manufacturing PLC	Ethiopia	473,850
County Assembly	1	21st to 30th Sept 2025	Facilitation to Partnership and training visit to JEKA poultry farm	Uganda	382,850
County Assembly	6	3rd to 9th Sept 2025	Facilitation to Dubai for Database Management Systems 2025 Conference	Dubai	4,872,879
County Assembly	5	8th to 14th Sept 2025	Facilitation to Dubai for the Environmental sustainability and climate change conference	Dubai	4,000,086
County Assembly	5	25th Sept to 2nd Oct 2025	Facilitation of the International Governance and Innovation Conference 2025	Singapore	3,925,750
County Assembly	7	2nd to 9th Oct 2025	Facilitation to Turkey for Tourism, Culture, Exports and Industrialization Conference	Turkey	6,913,466
County Assembly	5	2nd to 9th Oct 2025	Facilitation to Transformative leadership, corporate governance and resilience planning masterclass	Tanzania	2,467,950
County Assembly	6	2nd to 9th Oct 2025	Facilitation to Transformative leadership, corporate governance and resilience planning masterclass	Tanzania	2,805,480
County Assembly	3	22nd Oct to 1st Nov 2025	Facilitation of a training on Hospital and health care systems	Germany	2,496,540
County Assembly	1	2nd to 10th Sept 2025	Facilitation to the International Conference on Internet of Things, Big Data Analytics	Dubai	758,860
County Assembly	1	9th to 17th Sept 2025	Facilitation to the International Conference on Foundations of Computer Science & Technology	Dubai	659,530
		Total			65,357,355

Source: Meru County Treasury and Meru County Assembly

3.26.13 Facility Improvement Financing

During the review period, the County reported collections of Kshs.479.01 million as FIF, which was 47 per cent of the annual target of Kshs.1.03 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, drafted regulations to operationalise the FIF Act of 2023. The Bill was submitted to the County Assembly for review and approval.

The expenditure by the health facilities amounted to Kshs.486.31 million, as shown in Table 3:392.

Table 3.391: Meru County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	615,300,000	259,578,942	42
2.	Level 4 Hospital	3	374,045,534	157,515,215	42
3.	Level 3 Facility	12	150,038,096	64,484,805	43
4.	Level 2 Facility	11	18,907,438	4,730,933	25
	Total		1,158,291,069	486,309,895	42

Source: *Meru County Treasury*

3.26.14 Development Expenditure

In the review period, the County reported spending Kshs.1.18 billion on development programmes, representing an increase of 51 per cent compared to FY 2024/25, when the County spent Kshs.786.05 million. Table 3:393 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was mainly attributed to Accrual reporting.

Table 3.392: Meru County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Meru - Health Services	Payment For Supply Of True 64-Slice Ct Scan At MeTRH	Imenti North	1/7/2025	30/6/2026	69,950,786	69,950,786	69,950,786	69,950,786	100
2	Assembly	Purchase and Installation of Hansard System	Municipality, Assembly ground	2/17/2025	30/06/2026	89,134,159	89,134,159	69,460,890	69,460,890	78
3	Finance, Economic Planning & ICT	Payment To Craft Silicon for Revenue Collection Fees	Countywide	1/7/2025	30/6/2026	39,154,483	39,154,483	39,154,483	50,000,000	128
4	Meru - Agriculture, Livestock & Fishery	Payment for the Supply Of Certified Maize Seeds	County Wide	1/7/2025	30/6/2026	29,999,969	29,999,969	29,999,969	29,999,969	100
5	Finance, Economic Planning & ICT	Reconciled tax variance from Dec 2019 to Dec 2022	Headquarters	2023-2024	2023-2024	20,915,148	20,915,148	20,915,148	20,915,148	100
6	Meru - Agriculture, Livestock & Fishery	Supply And Delivery Of Vaccines	County Wide	1/7/2025	30/6/2026	14,534,000	14,534,000	14,534,000	14,534,000	100
7	Finance, Economic Planning & ICT	Partial payment of Meru hc civil case no.15 of 2020 to Blast Contractors & General Supplies Ltd	Headquarters	1/7/2025	30/6/2026	11,000,000	11,000,000	11,000,000	20,270,787	184
8	Meru - Public Service Administration & Legal Affairs	Legal Dues/fees, Arbitration and Compensation Payments	Headquarters	1/7/2025	30/6/2026	10,000,000	10,000,000	10,000,000	10,000,000	100
9	Meru - Public Service Administration & Legal Affairs	Legal Dues/fees, Arbitration and Compensation Payments	Headquarters	1/7/2025	30/6/2026	10,000,000	10,000,000	10,000,000	10,000,000	100
10	Lands, Physical Planning, Urban Development & Public Works	Payment For Construction Works for Meru Municipality Yard Fencing	Meru Municipality	1/7/2025	30/6/2026	9,418,574	9,418,574	9,418,574	9,418,574	100
Donor Funded Projects										
1	World Bank KUSP (Kenya Urban Support Programme)-UDG	Retention for the construction of 10 farm ponds and the installation of solar pumps	Athwana	10/09/2024	15/05/2025	121,688,538	121,688,538	56,808,222	56,808,222	47
2	Trade, Tourism & Cooperatives	COUNTY AGGREGATION INDUSTRIAL PARK	RUIRI RWARERA	15/09/2023	27/2/2026	492,212,810	58,438,513	49,336,578	471,110,876	96
3	World Credit Financing Locally-Led Climate Action(Flocca)	Provision of rainwater harvesting equipment for older people, PLWDs and the marginalized Communities	County Wide	-	-	40,000,000	40,000,000	40,000,000	40,000,000	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
4	World Bank for the national agricultural value chain development project (NAVCDP)	Mass Cattle Vaccination	Countywide	07/01/2025	30/6/2026	15,000,000	15,000,000	15,000,000	15,000,000	100
5	World Bank for the national agricultural value chain development project (NAVCDP)	Transfer of funds to Meru Central Dairy Cooperative Union, tranche one, for mass cattle vaccination against FMD	Meru Dairy Union	15/10/2025	01/06/2026	12,928,300	12,928,300	12,928,300	12,928,300	100
6	Water Irrigation, Environment & Climate Change	Borehole drilling, equipping, pipeline distribution, environmental conservation and climate-smart agriculture	Countywide	07/01/2025	30/6/2026	10,000,000	10,378,866	10,378,866	10,378,866	104
7	World Bank for the national agricultural value chain development project (NAVCDP)	Transfer of funds for Mt.Kenya East Dairy FPO	Mt.Kenya East Dairy FCS	29/07/2025	01/06/2026	8,202,000	8,202,000	8,202,000	8,202,000	100
8	World Credit Financing Locally-Led Climate Action(Flocca)	Purchase of drilling Rig materials, which include drilling rods and hammer	-	-	-	7,849,500	7,849,500	7,849,500	7,849,500	100
9	World Credit Financing Locally-Led Climate Action(Flocca)	Provision of clean cooking LPG gas	County Wide	-	-	7,000,000	7,000,000	7,000,000	7,000,000	100
10	World Bank for the national agricultural value chain development project (NAVCDP)	Transfer of funds for Nyambene Arimi Dairy FPO	Nyambene Arimi Dairy FCS	31/07/2025	01/06/2026	6,400,000	6,400,000	6,400,000	6,400,000	100
Equalisation Funded Projects										
1	Finance, Economic Planning & ICT	Drilling of a borehole at Kandebene village	-	-	-	6,000,000	5,994,665	5,994,665	5,994,665	100
2	Finance, Economic Planning & ICT	Construction of the Giaki box culvert in Abogeta East Ward	Imenti South-Abogeta East	Apr-24	Jul-25	5,940,082	5,995,000	5,939,264	5,939,264	100
3	Finance, Economic Planning & ICT	Improvement to the gravel standards of the Marega-Mwai-Riigi road in Akachiu ward	Igembe South- Akachiu	Apr-24	Jul-25	5,675,132	5,683,526	5,674,911	5,674,911	100
4	Finance, Economic Planning & ICT	Construction of the Rimbera-Mundaki road				5,402,832	5,402,832	5,402,832	5,402,832	100
5	Finance, Economic Planning & ICT	Purchase of 100 desks and 100 chairs for Ugoti Day Secondary School in Akachiu ward	Igembe South-Akachiu	Apr-24	Jul-25	600,000	600,000	300,000	300,000	50

Source: *Meru County Treasury*

The County reported 1 stalled development project as of 31st December 2025, with an estimated value of Kshs.34.74 million, of which Kshs.18.80 has already been paid. The stalled projects are shown in Table ß:394.

Table 3.393: Meru County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Assembly	Construction of the Speaker's official Residence	Nyaki West Ward, Kithoka	21/02/2022	31/12/2025	34,739,340	8,798,830	-	5,940,510	54

Source: Meru County Treasury

3.26.15 Budget Performance by Department

Table ß:395 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.394: Meru County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,063.23	130.27	490.11	26.14	584.36	71.46	119	273	55	55
Office of the Governor	187.91	-	69	-	133.58	-	194	-	71	-
Finance, Economic Planning and ICT	1,145.74	325.58	530.30	93.59	530.30	150.18	100	160	46	46
Agriculture, Livestock & Fishery	65.12	587.49	24.79	92.53	40.93	151.92	165	164	63	26
Water & Irrigation	67.77	1,064.26	13.43	156.52	49.14	226.99	366	145	73	21
Education, Technology, Gender, Culture & Social Development	252.03	171.08	20.29	18.01	34.47	22.23	170	123	14	13
Health Services	966.90	947.20	106.38	94.01	585.39	97	550	103	61	10
Lands, Physical Planning, Urban Development & Public Works	136.77	783.71	32.08	31.34	78.20	120.63	244	385	57	15
Public Service Administration & Legal Affairs	5,395.99	425.90	2,674.69	26.72	3,103.97	28.78	116	108	58	7
Roads, Transport & Energy	86.50	1,527.47	34.79	246.62	54.28	252.40	156	102	63	17
Trade, Investment, Industrialization, Tourism & Co-op Development	27.74	199	7.98	9.01	15.58	58.36	195	647	56	29
Youth Affairs & Sports	351.85	62.59	60.43	4.05	141.65	4.94	234	122	40	8
County Public Service Board	46.71	-	8.40	-	25.23	-	300	-	54	-
TOTAL	9794.27	6224.56	4072.67	798.54	5377.09	1184.89	132	148	55	19

***Source:** Meru County Treasury*

Analysis of departmental expenditure shows that the County Assembly recorded the highest absorption rate of the development budget at 55 per cent, followed by the Department of Finance, Economic Planning and ICT at 46 per cent. The Department of Water & Irrigation had the highest recurrent expenditure-to-budget ratio at 73 per cent, while the Department of Education, Technology, Gender, Culture & Social Development had the lowest at 14 per cent.

3.26.16 Budget Execution by Programmes and Sub-Programmes

Table 3.395 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.395: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS				
Lands & Housing	Lands & Housing	9,418,574	9,418,574	100
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES				
Animal Disease Management	Animal Disease Management	18,200,000	17,534,000	96
Agricultural Development	Agricultural Development	70,000,000	61,199,969	87
EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT				
Technical and Vocation Education	Technical and Vocation Education	15,260,000	9,116,271	60
COUNTY ASSEMBLY OF MERU				
General Admin, Planning & Support	General Administration, Planning and Support Services	130,266,104	71,460,890	55
RECURRENT				
OFFICE OF THE GOVERNOR				
Governors PresS	Governors Press	27,150,000	24,023,819	88
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS				
Meru Town Municipality	Meru Town Municipality	20,000,000	17,549,950	88
WATER IRRIGATION ENVIRONMENT & NATURAL RESOURCES				
Water & Irrigation	Water & Irrigation	18,557,050	16,236,609	87
ROADS, TRANSPORT & ENERGY				
Public Works	Public Works	44,000,000	38,235,850	87
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES				
Livestock	Livestock	8,484,000	6,786,125	80

Source: *Meru County Treasury*

The development sub-programmes, the top performers included: Lands & Housing in the Department of Lands, Physical Planning, Urban Development & Public Works at 100 per cent, Animal Disease Management in the Department of Agriculture, Livestock Development and Fisheries at 96 per cent, and Agricultural Development in the Department of Agriculture, Livestock Development and Fisheries at 87 per cent.

For recurrent sub-programmes with the highest budget implementation rates were: Governors Press in the Department of Office of the Governor at 88 per cent, Meru Town Municipality in the Department of Lands, Physical Planning, Urban Development & Public Works at 88 per cent, and Water & Irrigation in the Department of Water Irrigation Environment & Natural Resources at 87 per cent.

Table 3.396 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.396: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS				
Maua Municipality	Maua Municipality	117,656,435	-	-
EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT				
Administration Services	Administration Services	106,600,000	-	-
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES				
Fisheries	Fisheries	39,225,903	-	-
ROADS, TRANSPORT & ENERGY				
Infrastructure	Infrastructure	25,300,000	-	-
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES				
Agricultural Training Centre (KAGURU)	Agricultural Training Centre (KAGURU)	23,000,000	-	-
RECURRENT				
HEALTH SERVICES				
Ambulance Services	Ambulance Services	7,850,000	-	-
FINANCE ECONOMIC PLANNING & ICT				
County Asset & Liabilities Unit	County Asset & Liabilities Unit	13,200,000	585,000	4
PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS				
Legal Representation, Advisory Services and Legislative Process	Legal Representation, Advisory Services and Legislative Process	103,000,000	4,634,260	4
EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT				
Administration Services	Administration Services	109,701,000	5,165,456	5
FINANCE ECONOMIC PLANNING & ICT				
Accounts	Accounts	28,868,300	1,495,600	5

***Source**: Meru County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Maua Municipality in the Department of Lands, Physical Planning, Urban Development & Public Works, Administration Services in the Department of Education, Technology, Gender & Social Development, fisheries in the Department of Agriculture, Livestock Development and Fisheries, Infrastructure in the Department of Roads, Transport & Energy and Agricultural Training Center (KAGURU) in the Department of Agriculture, Livestock Development And Fisheries all at 0 per cent.

For recurrent sub-programmes, the lowest-performing included: Ambulance Services in the Department of Health Services at 0 per cent, County Asset & Liabilities Unit in the Department of Finance Economic Planning & ICT at 4 per cent, Legal Representation, Advisory Services and Legislative Process in the Department of Public Service Administration & Legal Affairs at 4 per cent and Administration Services in the Department of Education, Technology, Gender & Social Development at 5 per cent and Accounts. In the department of Finance, Economic Planning & ICT at 5 per cent.

3.26.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 529 accounts in commercial banks, including 504 accounts for Health Facilities, 3 accounts for Established Funds, 12 special-purpose accounts (additional allocations), 1 account for ECDE Development Fund, 1 for Meru School meals & Nutrition Program, 5 for County Corporations, 1 Salary Processing Account, and 2 accounts for Operations Accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.26.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Meru County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received between 16th January and 30th January 2026.
ii. The underperformance of own-source revenue at Kshs.608.25 million against an annual target of Kshs.1.84 billion, representing 33 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.1.18 billion on development activities, achieving a 19 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Meru County Executive Staff Housing Fund had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Meru County Retention and Enhancement Fund were not submitted to the CoB as of 15 July 2025.
vi. High level of trade payables, which amounted to Kshs.769.72 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
viii. The County reported Kshs.62.21 million under "*other operating expenses,*" accounting for 3 per cent of total operation and maintenance costs.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.27. County Government of Migori

3.27.1 Overview of FY 2025/26 Budget

The Migori County Approved Budget for FY 2025/26 is Kshs.10.83 billion. It comprises Kshs.4.17 billion (39 per cent) and Kshs.6.66 billion (61 per cent) in allocations, an increase for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.438.92 million (4 per cent) from the FY 2024/25 budget, which comprised a development

budget of Kshs.3.44 billion and a recurrent budget of Kshs.6.95 billion. The increase in the budget was primarily attributed to the rise in equitable shareable revenues, additional allocations as outlined in the Additional Allocation CARA Act, 2025, and an increase in the gross own-source revenue target.

The budget is to be financed through various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.8.39 billion (78 per cent), additional allocations of Kshs.1.68 billion (15 per cent), and Kshs.760 million (7 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table ß:398.

3.27.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.10 billion. This amount represented a decrease of 28 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.5.66 billion. The total revenue consisted of Kshs.3.69 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.42.14 million, as well as the own-source revenue (OSR) collection of Kshs.262.21 million. Additionally, the County had a cash balance of Kshs.105 million from FY 2024/25. The total OSR collection of Kshs.262.21 million included Facilities Improvement Financing (FIF) of Kshs.161.75 million and Kshs.100.46 million from other OSR sources. Table ß:398 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.397: Migori County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	104,067,038	-	104,067,038	-
2	County Executive Refunds to CRF	-	777,409	-	777,409	-
3	County Assembly Refunds to CRF	-	155,086	-	155,086	-
	Sub-Total	**-**	**104,999,533**	**-**	**104,999,533**	**-**
B	**Equitable Share of Revenue Raised Nationally**					
1	...	8,385,079,399	3,686,834,982	-	3,686,834,982	4,698,244,417
	Sub-Total	**8,385,079,399**	**3,686,834,982**	**-**	**3,686,834,982**	**4,698,244,417**
C	**Transfers from the Equalisation Fund**					
1	...	-	-	-	-	-
	Sub-Total	**-**	**-**	**-**	**-**	**-**
D	**Additional Allocations (Including Grants)**					
1	DANIDA Grant (Universal Healthcare in Devolved System Program) to L1, L2 & L3 (40%)	15,247,500	10,432,500	-	10,432,500	4,815,000
2	DANIDA Grant (Universal Healthcare in Devolved System Program) Balance from FY 2023/24	12,358,500	-	-	-	12,358,500
3	IDA (World Bank) Credit for National Agricultural and Rural Inclusive Growth Project (NARIGP)	-	-	-	-	-
4	EU Grant for Instrument for Devolution Advice and Support (IDEAS)	5,706,628	-	-	-	5,706,628
5	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,120,452	-	-	-	1,120,452
6	KABDP SIDA	10,918,919	-	-	-	10,918,919
7	KABDP MOA&LD (GOK)	1,000,000	-	-	-	1,000,000
8	Livestock Value Chain Support Project	14,323,680	-	-	-	14,323,680

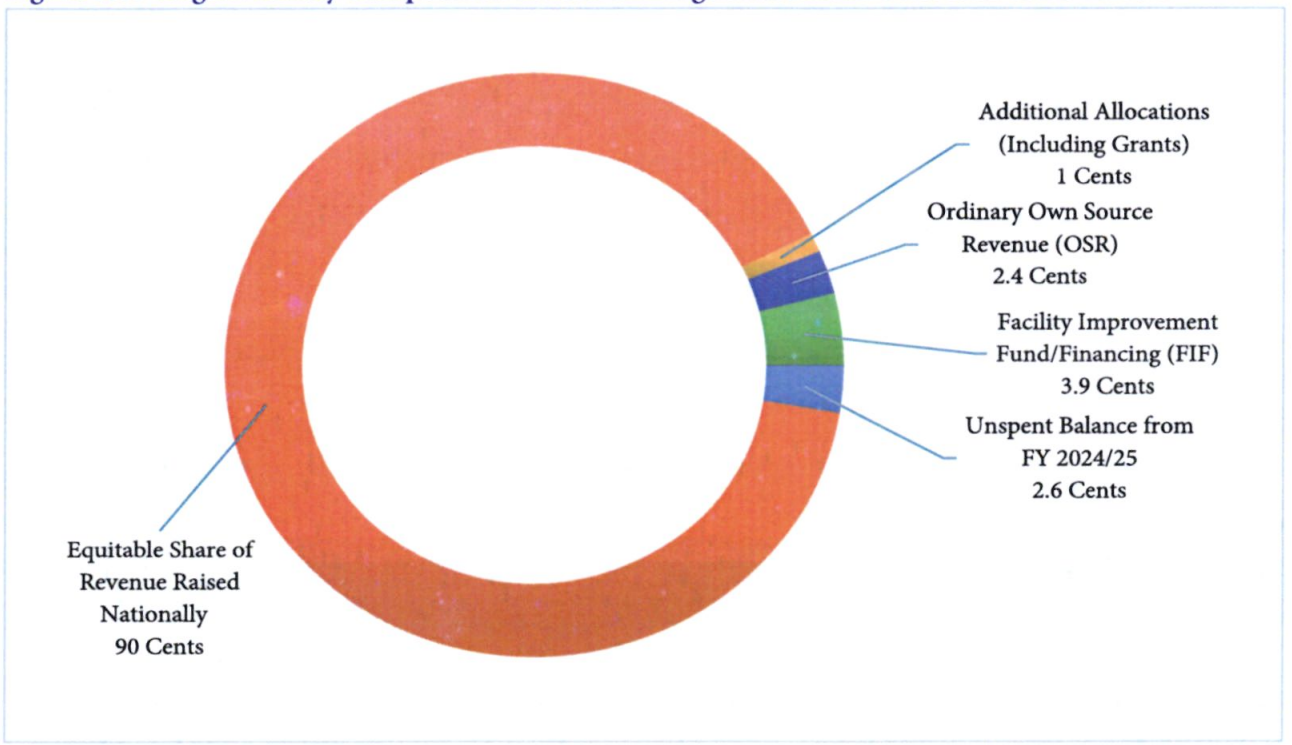
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
9	Climate Change - German Development Bank (KFW) - (FLLOCA -CCRI Grant)	200,000,000	31,710,872	-	31,710,872	168,289,128
10	Climate Change - IDA World Bank (FLLOCA)	11,000,000	-	-	-	11,000,000
11	Urban Institutional Grant (UIG)	35,000,000	-	-	-	35,000,000
12	Migori Municipality Urban Development Grant	54,181,008	-	-	-	54,181,008
13	Awendo Municipality Urban Development Grant	16,800,000	-	-	-	16,800,000
14	Rongo Municipality Urban Development Grant	16,800,000	-	-	-	16,800,000
15	Kehancha Municipality Urban Development Grant	16,800,000	-	-	-	16,800,000
16	Kenya Water and Sanitation (K-WASH) Program	199,874,000	-	-	-	199,874,000
17	National Agricultural Value Chain Development Project (NAVCDP)	149,121,357	-	-	-	149,121,357
18	Kenya Devolution Support Program II	390,000,000	-	-	-	390,000,000
19	Leasing of Medical Equipment	124,723,404	-	-	-	124,723,404
20	Fertiliser Subsidy	144,621,807	-	-	-	144,621,807
21	Aquaculture Business Development Project (ABDP)	13,617,785	-	-	-	13,617,785
22	Grant from National Government - Industrial Park (County Aggregation and Industrial Parks (CAIPs) Programme	186,500,000	-	-	-	186,500,000
23	Road Maintenance Fuel Levy	56,919,675	-	-	-	56,919,675
24	Allocation for Court fines	974,165	-	-	-	974,165
25	Allocation for Mineral Royalties	3,125,408	-	-	-	3,125,408
	Sub-Total	**1,680,734,288**	**42,143,372**	**-**	**42,143,372**	**1,638,590,916**
E	**Ordinary Own Source Revenue (OSR)**					
1	Single Business Permit	152,037,700	5,650,650	-	5,650,650	146,387,050
2	Market Dues	49,541,270	13,556,910	-	13,556,910	35,984,360
3	Bus park Fees	45,449,870	13,697,710	-	13,697,710	31,752,160
4	Tailing/Synnate/Gold Cess	41,570,210	223,690	-	223,690	41,346,520
5	Sugar Cane Cess	25,868,740	13,710,989	-	13,710,989	12,157,751
6	Cattle Auction/Slaughter Fees	24,394,900	7,074,164	-	7,074,164	17,320,736
7	Distribution Permits	20,485,550	592,000	-	592,000	19,893,550
8	Billboards	18,287,260	1,487,100	-	1,487,100	16,800,160
9	Motorbike Tickets	15,246,800	1,521,150	-	1,521,150	13,725,650
10	Maise/Rice Cess	15,246,800	8,318,048	-	8,318,048	6,928,752
11	Lands & Physical Planning	12,714,530	2,571,310	-	2,571,310	10,143,220
12	Tobacco Cess	12,197,400	6,723,419	-	6,723,419	5,473,981
13	Sand/Stone Cess	12,197,400	4,892,519	-	4,892,519	7,304,881
14	Other streams of ordinary own-source revenues	57,761,570	19,755,403	-	19,755,403	38,006,167
	Sub-Total	**503,000,000**	**99,775,062**	**-**	**99,775,062**	**403,224,938**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
F	**Facility Improvement Fund/ Financing (FIF)**					
1	SHIF-Medical Services	225,000,000	149,780,920	-	149,780,920	75,219,080
2	Defunct NHIF-Medical Services	-	-	-	-	-
3	Public Health Fees	25,000,000	11,968,371	-	11,968,371	13,031,629
	Sub-Total	**250,000,000**	**161,749,291**	**-**	**161,749,291**	**88,250,709**
G	**Appropriations in Aid(AIA)**					
1	Liquor licences	7,000,000	682,000	-	682,000	6,318,000
	Sub-Total	**7,000,000**	**682,000**	**-**	**682,000**	**6,318,000**
	Total	10,825,813,687	4,096,184,240	-	4,096,184,240	6,834,628,980

Source: *Migori County Treasury*

Figure 157 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 157: Migori County Composition of Each Shilling Earned in the First Half of FY 2025/26

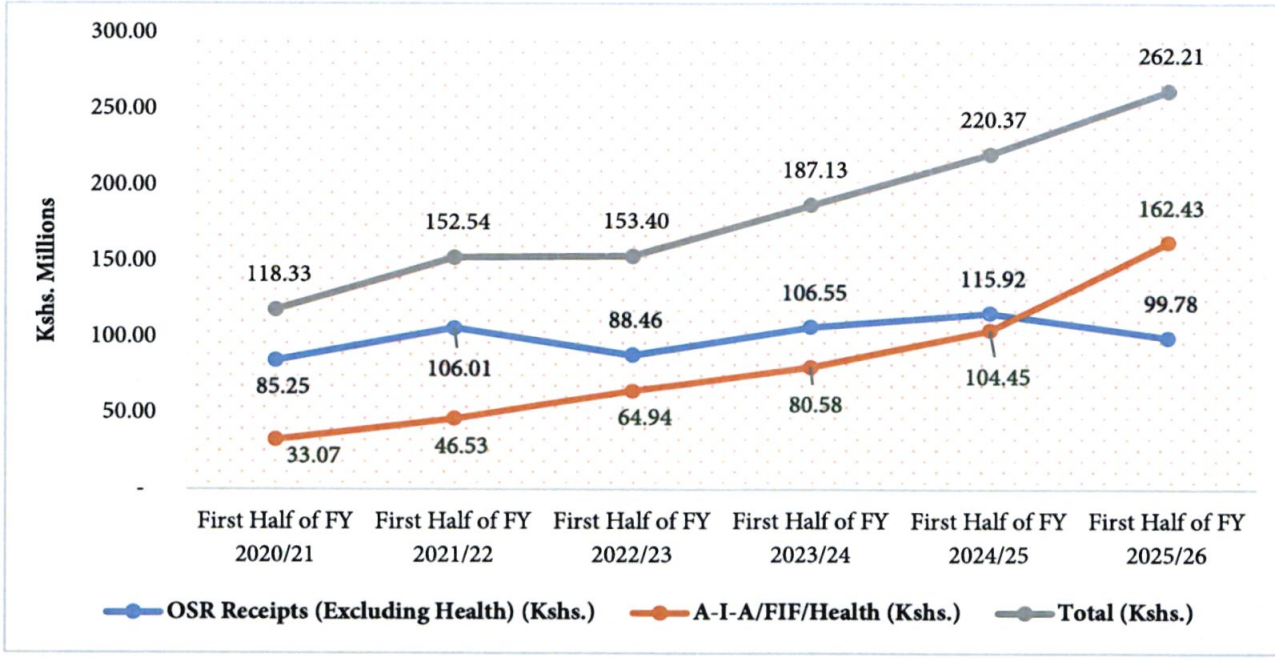


Source: *Migori County Treasury*

The equitable share of revenue raised nationally, the Facility Improvement Fund (F.I.F.), and the unspent cash balance brought forward from FY 2024/25 contributed 90 per cent, 3.9 per cent, and 2.6 per cent, respectively, of the total receipts for the reporting period.

Figure 158 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 158: Migori County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

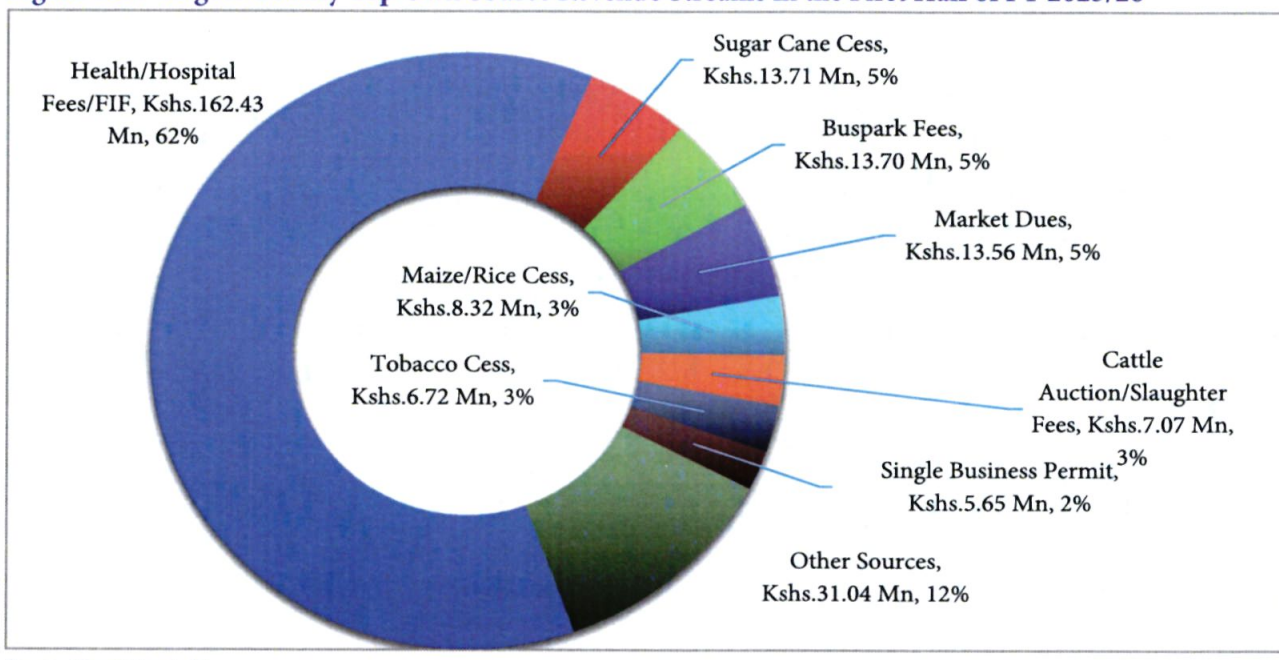


Source: *Migori County Treasury*

During the first half of FY 2025/26, the County received Kshs.262.21 million from OSR, including FIF. This amount was an increase of 19 per cent compared to Kshs.220.37 million realised in a similar period in FY 2024/25, and was 35 per cent of the annual target and 7 per cent of the equitable revenue share disbursed. The increase is primarily attributed to the automation of F.I.F revenue streams under the Taifa Care System and enhanced reimbursements from the Social Health Authority (SHA)

The revenue streams that contributed the most to OSR receipts are shown in Figure 159

Figure 159: Migori County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Migori County Treasury

As shown in Figure 159, the highest revenue stream, at Kshs.162.43 million, was from Health/AIA/Hospital Fees, accounting for 62 per cent of the total OSR receipts. The County Government indicated that it has automated 12 of 40 revenue streams.

3.27.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.466.77 million, which was the same as that reported as of 31st December 2025. Table 3.398 presents a breakdown of the County's revenue arrears.

Table 3.398: Migori County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1st July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
D	**Ordinary Own Sources of Revenue**					
1	Cess	88,471,714	-	-	-	88,471,714
2	Land Rates	38,569,357	-	-	-	38,569,357
3	Single Business Permit	143,131,760	-	-	-	143,131,760
4	Advertising	11,177,358	-	-	-	11,177,358
	Sub-Total	281,350,189	-	-	-	281,350,189
E	**Facility Improvement Fund (FIF)**					
1	SHIF	10,127,858	-	-	-	10,127,858
2	Defunct NHIF	175,293,172	-	-	-	175,293,172
	Sub-Total	185,421,030	-	-	-	185,421,030
G	**Other Revenues**					
	Total	466,771,219	-	-	-	466,771,219

Source: *Migori County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.466.77 million, comprising Kshs.281.35 million (60 per cent) for ordinary own-source revenues and Kshs.185.42 million (40 per cent) for Facility Improvement Fund (F.I.F streams). The measures instituted by the County to recover outstanding arrears in FY 2025/26 include liaising with the Social Health Authority (SHA), enforcing county laws, and imposing penalties on late defaulters.

3.27.4 Borrowing by the County

Neither the County Executive nor the Assembly engaged in credit facility or short-term borrowing with any commercial bank during the reporting period.

3.27.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.48 billion from the Migori County Revenue Fund (CRF) account. This amount consisted of Kshs.354.29 million (10 per cent) designated for development programs and Kshs.3.12 billion (90 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.02 billion was allocated to employee compensation, and Kshs.1.10 billion to operations and maintenance expenditures. Within the operations and maintenance category, 13 per cent was for domestic travel and 0.3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.148.90 million, including Kshs.18.66 million for the County Executive and Kshs.130.24 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.3.18 million, which was entirely attributed to the County Executive.

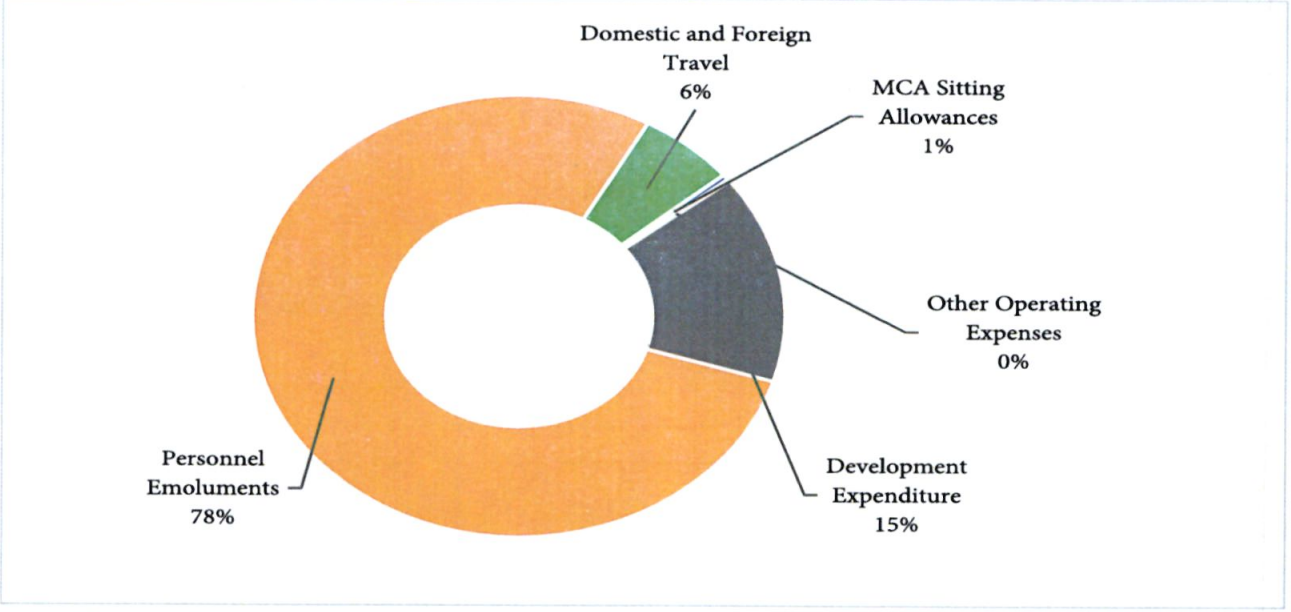
As of 31st December, 2025, the County Government's cash balance in the CRF account was Kshs.423.10 million.

3.27.6 Expenditure Review

The County spent Kshs.3.64 billion on development and recurrent programmes during the reporting period. The expenditure represented 105 per cent of the total funds released by the CoB. It comprised Kshs.393.08 million for development programmes and Kshs.3.24 billion for recurrent programmes. Expenditure on development programmes accounted for 9 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 49 per cent of the annual recurrent expenditure budget.

Figure 160 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 160: Migori County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Migori County Treasury*

As shown in Figure 160, the three highest expenditure categories were personnel emoluments, development expenditure, and domestic & foreign travel, which contributed 78, 15, and 6 per cent of total expenditure for the reporting period, respectively.

3.27.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.06 billion. This amount consisted of Kshs.837.23 million from the County Executive and Kshs.220.92 million from the County Assembly. The trade payables from the County Executive amounted to Kshs.475.87 million for recurrent expenditure and Kshs.361.36 million for development expenditure. Furthermore, the County Assembly revised and resubmitted a new list of trade payables for the period under review, totalling Kshs.460.09 million, comprising Kshs.459.79 million for recurrent and Kshs.0.3 million for development. The outstanding trade payables for the County Assembly, therefore, stood at Kshs.681.31 million.

During the reporting period, the County Executive settled trade payables amounting to Kshs.218.58 million, comprising Kshs.137.23 million (63 per cent) for recurrent programmes and Kshs.81.35 million (37 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.34.19 million, comprising Kshs.34.19 million (100 per cent) for recurrent activities and nil for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.618.65 million for County Executive and Kshs.647.13 million for County Assembly. Table 3.399 provides additional details of trade payables.

Table 3.399: Migori County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1st July 2025 (End of FY 2024/25)	a	County Executive	361,359,349	475,866,141	837,225,490
		County Assembly	300,000	681,012,422	681,312,422
		Total	**361,659,349**	**1,156,878,563**	**1,518,537,911**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	361,359,349	475,866,141	837,225,490
		County Assembly	300,000	154,498,421	154,798,421
		Total	**361,659,349**	**630,364,562**	**992,023,911**
Amount paid in the First Half of FY 2025/26	c	County Executive	81,352,754	137,226,199	218,578,953
		County Assembly	-	34,187,288	34,187,288
		Total	**81,352,754**	**171,413,487**	**252,766,241**

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**280,006,594**	**338,639,943**	**618,646,537**
		County Assembly	**300,000**	**646,825,133**	**647,125,133**
		Total	**280,306,594**	**985,465,076**	**1,265,771,670**

Source: *Migori County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.837.23 million and Kshs.154.80 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this settlement plan, as it cleared Kshs.218.58 million for the Executive and Kshs.34.19 million for the Assembly.

Table 3.400 and Table 3.401 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.27 billion

Table 3.400: Migori County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**23,731,302**	**70,813,490**	**148,328,527**	**37,133,275**	**280,006,594**
Recurrent Trade Payables (Goods & Services)	123,945,458	71,594,062	138,524,899	3,431,050	**337,495,469**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	127,210	1,017,264	-	-	**1,144,474**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**124,072,668**	**72,611,326**	**138,524,899**	**3,431,050**	**338,639,943**
Total Trade Payables	**147,803,970**	**143,424,816**	**286,853,426**	**40,564,325**	**618,646,537**
% of Total	**24**	**23**	**46**	**7**	**100**

Source: *Migori County Executive Treasury*

Table 3.401: Migori County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	**300,000**	**300,000**
Recurrent Trade Payables (Goods & Services)	-	32,706,268	29,653,862	115,125,740	**177,485,869**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	469,339,264	**469,339,264**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	**32,706,268**	**29,653,862**	**584,465,004**	**646,825,133**
Total Trade Payables	-	**32,706,268**	**29,653,862**	**584,765,004**	**647,125,133**
% of Total	-	**5**	**5**	**9**	**100**

Source: *Migori County Assembly Treasury*

The County Executive and Assembly should strictly adopt the IBEC-approved trade payables action plan tracker templates for management, tracking, and reporting of their trade payables status, and adhere to the FIFO methodology in the payment of trade payables.

3.27.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.82 billion on compensation of employees, Kshs.1.05 billion on operations and maintenance, and Kshs.393.08 million on development activities. Similarly, the County Assembly spent Kshs.199.44 million on compensation of employees, Kshs.175.68 million on operations and maintenance, and nil on development activities, as shown in Table 3.402.

Table 3.402: Migori County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,748,423,174**	**907,920,178**	**2,868,734,912**	**375,122,569**	-	-	**2,868,734,912**	**375,122,569**	**49.9**	**41.3**
Compensation of Employees	3,258,191,382	473,935,751	1,816,781,875	199,440,313	-	-	1,816,781,875	199,440,313	55.8	42.1
Operations and Maintenance	2,490,231,792	433,984,427	1,051,953,038	175,682,256	-	-	1,051,953,038	175,682,256	42.2	40.5
Development Expenditure	**4,119,470,335**	**50,000,000**	**393,075,084**	-	-	-	**393,075,084**	-	**9.5**	-
Total	9,867,893,509	957,920,178	3,261,809,997	375,122,569	-	-	3,261,809,997	375,122,569	33.1	39.2

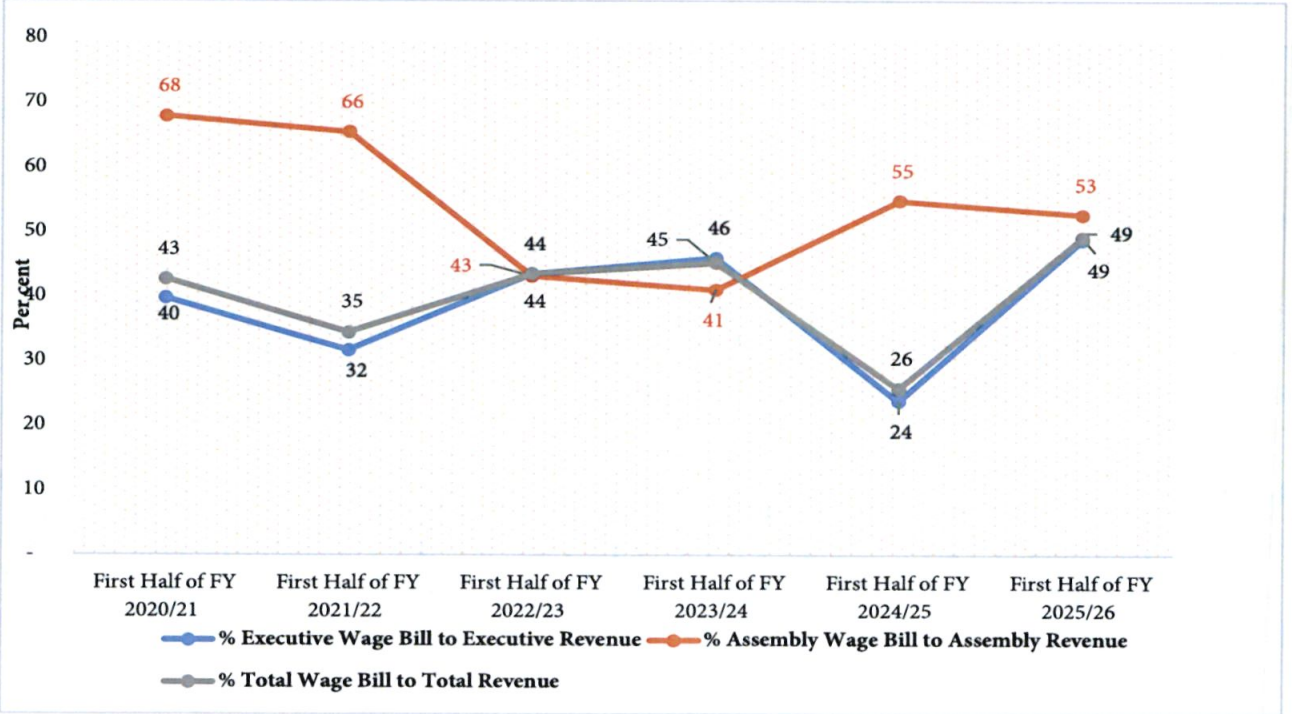
Source: Migori County Treasury

3.27.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.02 billion. The percentage of employee compensation to revenue was 49 per cent. This expenditure on employee compensation shows an increase of 38 per cent compared to the Kshs.1.46 billion reported in a similar period in FY 2024/25. Of this total, Kshs.812.96 million related to Health Sector employees, accounting for 40 per cent of the overall employees' compensation. The increase is attributed to payment of salary arrears and additional staff recruited by the County Public Service Board (CPSB)

Figure 161 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 161: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Migori County Treasury

Further analysis indicated that PE costs totalling Kshs.1.95 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.69.94 million was processed through manual payroll, accounting for 3 per cent of the total PE cost. The justification for the continued use of manual payroll was the delay in the generation of personnel payroll numbers and the ongoing recruitment of over 700 casuals in phases

The manual payroll comprised salaries for 729 casual staff, salary arrears attributed to pension schemes for contract staff, Laptrust/ Lapfund, and third-party unremitted contributions, as shown in Table β:403.

Table 3.403: Breakdown of Migori County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for 729 casual staff	44,426,503
2.	Salary for Arrears for LAPFUND, LAPTRUST, third-party unremitted deductions, etc	25,513,835
	Total	69,940,338

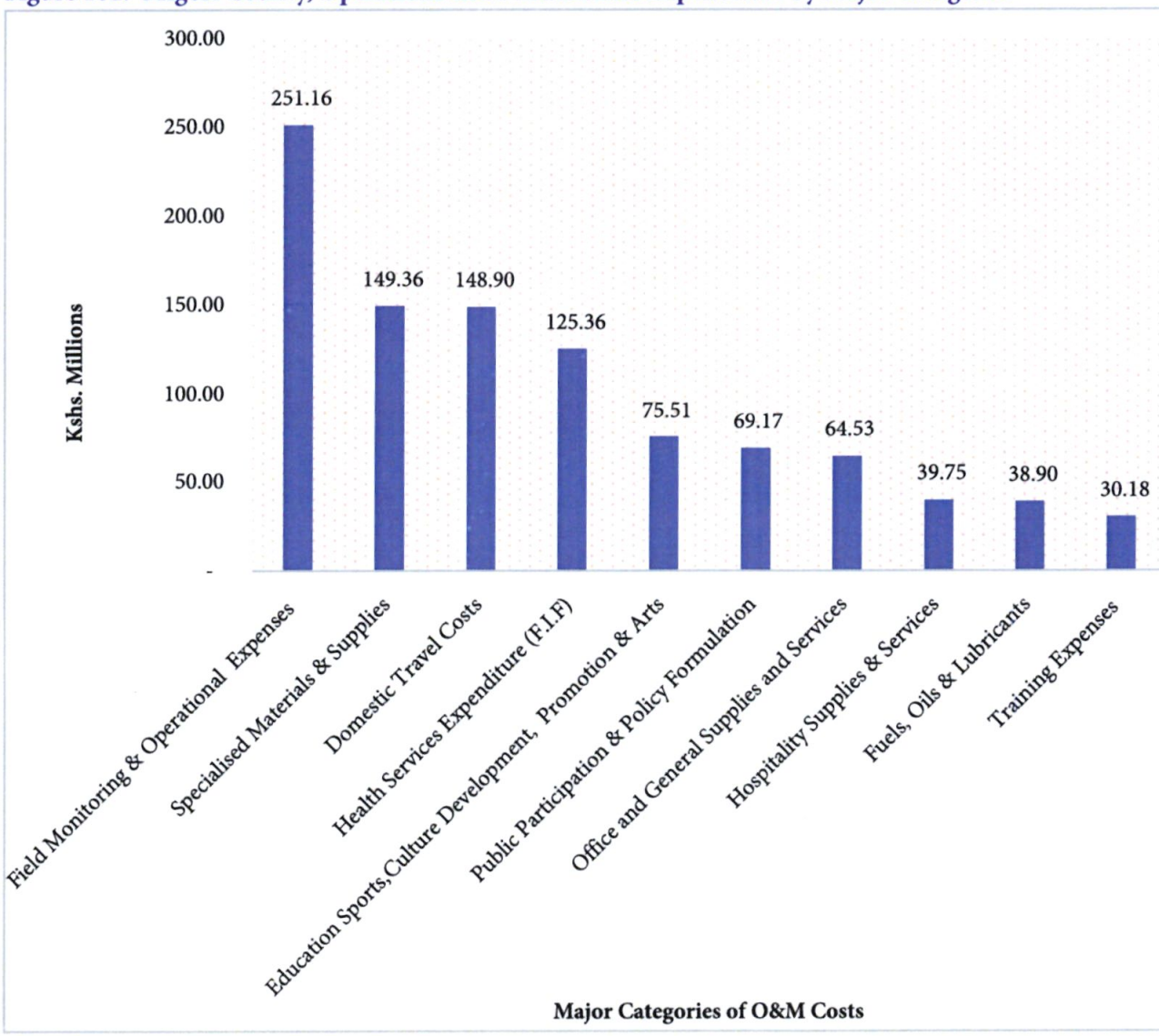
Source: *Migori County Treasury*

The County Assembly spent Kshs.10.47 million on committee sitting allowances for the 60 MCAs against the annual budget allocation of Kshs.44.33 million. The average monthly sitting allowance was Kshs.29,095 per MCA. The County Assembly has 27 House Committees.

3.27.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.23 billion on operations and maintenance, representing an increase of 0.4 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.22 billion. Figure 162 summarises the Operations and Maintenance expenditure by major categories.

Figure 162: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: *Migori County Treasury*

3.27.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.4.16 million on "*other operating expenses*," which was 0.4 per cent of the total operations and maintenance expenditure of Kshs.1.23 billion. This category of expenditure includes Kshs.12.25 million for garbage collection and Kshs.10.45 million for legal fees and compensation payments. The item description under the "*Other Operating Expenses*" category is shown in Table 3.404.

Table 3.404: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
3110701	Refund to Unsuccessful bidders for the sale of the County's assorted Assets	4,154,780	4,154,780
	Total	4,154,780	4,154,780

Source: *Migori County Treasury*

3.27.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County did not appropriate any amount towards the County-established Funds in FY 2025/26. Table 3.405 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.405: Performance of Migori County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative Disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Migori County Executive Car Loans & House Mortgage Fund Scheme	December,2018	-	-	-	247,500,000	Yes
2.	Migori County Education Bursary Fund	January,2014	-	-	-	840,000,000	Yes
3.	Migori County Scholarships & Educational Benefits Fund	January,2014	-	-	-	279,000,000	Yes
4.	Migori County Alcoholic Drink Fund	September,2016	-	-	-	2,250,318	Yes
5.	Migori County SMEs Trade Development - INUA BIASHARA	March,2024	-	-	-	54,000,000	Yes
		County Assembly Established Funds					
7.	Migori County Assembly Car loans & House Mortgage Fund Scheme	October, 2015	-	-	-	236,000,000	Yes
	Total		-	-	-	1,658,750,318	-

Source: *Migori County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, contrary to the requirement under Section 168 of the PFM Act, 2012. The administration costs of the Funds are all pegged at a 3 per cent ceiling of the funded budget as set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the life

span of the County Education Bursary Fund, the County Scholarships & Educational Benefits Fund and the Migori County Assembly Car loans & House Mortgage Fund Scheme had lapsed despite being in operation. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of the lapsed funds.

3.27.13 County Corporations

The County has not established any new corporation, although it owns 20 per cent of the shareholding at Migori Water & Sanitation Company Limited. During the 2025/26 financial year, no budget was allocated to the Company to fund its operations.

3.27.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.148.90 million and comprised Kshs.130.24 million spent by the County Assembly and Kshs.18.66 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.18 million and was entirely the responsibility of the County Executive. Expenditure on foreign travel is summarised in Table 3.406.

Table 3.406: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	3	19th August-30th August 2025	Attending the National Business League Conference	USA	2,285,789	-	2,285,789
	1	24th August-1st September, 2025	Attending the 5th GACOPA International Conference	UK	888,990	-	888,990
Total	4				3,174,779	-	3,174,779

Source: Migori County Treasury

3.27.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.161.75 million as FIF, which was 65 per cent of the annual target of Kshs.250 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

The expenditure by the health facilities amounted to Kshs.125.36 million, as shown in Table 3.407.

Table 3.407: Migori County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	-	-	-
2.	Level 4 Hospital	16	210,000,000	111,112,824	52.9
3.	Level 3 Facility	19	13,000,000	4,630,099	35.6
4.	Level 2 Facility	138	27,000,000	9,616,359	35.6
	Total	173	250,000,000	125,359,281	50.1

Source: Migori County Treasury

3.27.16 Development Expenditure

In the review period, the County reported spending Kshs.393.06 million on development programmes, a decrease of 52 per cent compared to FY 2024/25, when the County spent Kshs.810.59 million. Table 3:408 summarises the development projects with the highest expenditure in the reporting period. The decline in development expenditure was attributed to the delay in the rollout of annual procurement plans and the eGP system.

Table 3.408: Migori County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Roads, Transport, Public Works & Infrastructural Development	Upgrading to the Bitumen standard of C727 Junction-Kanyimach Junction-Chamgi Wadu Road	South Sakwa	01/08/2023	31/01/2026	916,751,541	218,023,435	-	699,448,643	76
2	Lands, Physical Planning, Housing & Urban Development	Construction of Access Road to Ombasa Road	West Sakwa	04/04/2025	20/08/2025	21,112,226	21,112,226	-	21,112,226	100
3	Lands, Physical Planning, Housing & Urban Development	Development of the valuation roll	Central Sakwa	06/05/2025	05/09/2025	5,957,620	5,957,620	-	5,957,620	100
4	Rongo Municipality	Beautification projects at the Rongo municipality CBD	Central Kamagambo	24/03/2025	23/07/2025	4,999,902	4,999,902	-	4,999,902	100
5	Roads, Transport, Public Works & Infrastructural Development	Opening/ Maintenance of Kinen-Kogola access road	North Sakwa	16/04/2025	15/08/2025	4,999,216	4,999,216	-	4,999,216	100
6	Lands, Physical Planning, Housing & Urban Development	Maintenance & Repairs of the West Wing Parking Facility	Oruba Ragana	26/06/2025	20/10/2025	4,949,813	4,949,813	-	4,949,813	100
7	Trade, Tourism, Industry, Market & Cooperative Development	Completion of the waterborne toilet at Posta Open Ground	Suna central	29/04/2025	03/09/2025	4,799,384	4,799,384	-	4,799,384	100
8	Water & Energy	Repair & maintenance of Solar streetlights	County-wide	05/03/2025	20/07/2025	4,797,760	4,797,760	-	4,797,760	100
9	Finance and Economic Planning	Modification & renovation of Migori county revenue offices	Oruba Ragana	02/04/2025	01/08/2025	4,187,600	4,187,600	-	4,187,600	100
10	Rongo Municipality	Opening & Maintenance of Rongo municipality roads	Central Kamagambo	05/05/2025	04/09/2025	3,999,564	3,999,564	-	3,999,564	100
Donor Funded Projects										
1	Trade, Tourism, Industry, Market & Cooperative Development	Construction of Nyatike Industrial Aggregation Park	Nyatike Sub-County	25/07/2024	30/06/2026	226,500,000	40,000,000	-	398,337,491	80

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy	NAVCDP Assorted programs & Activities	County Wide	30/08/2023	30/06/2027	411,794,532	38,786,271	-	210,861,147	51
3	Environment, Natural Resources, Climate Change & Disaster Management	Locally led FLLOCA Programs & Activities	County Wide	30/08/2023	30/06/2027	289,000,000	31,710,872	-	31,710,872	11

Source: *Migori County Treasury*

The County did not report any stalled development projects as of 31st December, 2025. Further, the County Treasury did not provide a report on equalisation fund projects.

3.27.17 Budget Performance by Department

Table 3.409 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.409: Migori County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy	209.87	421.13	69.85	12.03	69.85	50.82	100.0	422.3	33.3	12.1
Trade, Tourism, Industry, Market & Cooperative Development	188.64	386.73	43.69	44.33	43.61	44.33	99.8	100.0	23.1	11.5
Health Medical Services	2,032.72	297.72	1,084.53	24.87	1,209.89	24.87	111.6	100.0	59.5	8.4
Education, Gender Inclusivity, Social Services, Youth and Sports	532.76	105.86	329.41	-	329.41	-	100.0	-	61.8	-
Roads, Transport, Public Works & Infrastructural Development	140.90	1,084.77	41.88	151.67	41.88	151.67	100.0	100.0	29.7	14.0
Lands, Physical Planning, Housing & Urban Development	124.29	53.50	44.89	6.96	44.89	6.96	100.0	100.0	36.1	13.0
Environment, Natural Resources, Climate Change & Disaster Management	187.40	311.80	76.61	31.71	76.61	31.71	100.0	100.0	40.9	10.2
Finance and Economic Planning	640.44	16	325.20	4.49	325.20	4.49	100.0	100.0	50.8	28.0
Public Service Management, Monitoring & Evaluation & Performance Contracting	770.36	462.50	384.72	-	384.72	-	100.0	-	49.9	-
County Executive	399.23	140	145.58	5.38	145.58	5.38	100.0	100.0	36.5	3.8

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	907.92	50	378.11	-	375.12	-	99.2	-	41.3	-
Water and Energy	143.28	531.02	40.29	27.93	40.29	27.93	100.0	100.0	28.1	5.3
Public Health & Sanitation	224.51	167.85	117.29	18.45	117.29	18.45	100.0	100.0	52.2	11.0
Office of the County Attorney	92.78	-	22.12	-	22.20	-	100.4	0.0	23.9	-
Rongo Municipality	15.12	25.80	4.25	10.44	4.26	9	100.4	86.2	28.2	34.9
Awendo Municipality	15.12	25.80	5.93	4.05	5.92	2.49	99.7	61.6	39.1	9.7
Migori Municipality	15.12	63.18	3.69	11.98	3.69	14.98	100.0	125.0	24.4	23.7
Kehancha Municipality	15.88	25.80	3.45	-	3.45	-	100.0	-	21.7	-
Total	6,656.34	4,169.47	3,121.49	354.29	3,243.86	393.08	103.9	110.9	48.7	9.4

Source: *Migori County Treasury*

Analysis of departmental expenditure shows that the Department of Rongo Municipality recorded the highest absorption rate of the development budget at 35 per cent, followed by the Department of Finance & Economic Planning at 28 per cent. The Department of Education, Gender and Inclusivity, Social Services, Youth and Sports had the highest recurrent expenditure-to-budget ratio at 60 per cent, while the Kehancha Municipality had the lowest at 22 per cent.

All the departments and entities except four, namely: Education, Medical, Finance and Public Health, reported below 50 per cent absorption rate for both recurrent and development expenditures occasioned by intermittent delays in the rollout of procurement plans and implementation of the eGP system.

3.27.18 Budget Execution by Programmes and Sub-Programmes

Table 3.410 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.410: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Highest Performing Development Programmes & Sub-Programmes							
Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy							
Pending bills	Pending Bills	1,135,932	2,000,000	-	2,000,000	-	100.0
	Pending Bills	821,757	800,000	800,700	799,870	97.4	100.0
	Sub Total	**1,957,689**	**2,800,000**	**800,700**	**2,799,870**	**40.9**	**100.0**
Rongo Municipality							
Pending Bills	Pending Bills	1,512,201	1,000,000	769,940	1,000,000	50.9	100.0
Infrastructure development	Infrastructure development	-	8,000,000	-	7,999,466	-	100.0
	Sub-Total	**1,512,201**	**9,000,000**	**769,940**	**8,999,466**	**50.9**	**100.0**
Migori municipality							
Infrastructure Development	Infrastructure Development	-	8,000,000	-	7,883,240	-	98.5
	Sub-Total	-	**8,000,000**	-	**7,883,240**	-	**98.5**
Highest Performing Recurrent Programmes & Sub-programmes							
Department of Education, Gender Inclusivity, Social Services, Youth and Sports							
Culture Development Promotion & Arts	Culture & heritage conservation	38,425,000	-	40,122,280	-	104.4	-
	Sub-Total	**38,425,000**	-	**40,122,280**	-	**104.4**	-
Department of Finance and Economic Planning							

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Finance & Accounting services	Administrative services	10,000,000	-	9,894,940	-	98.9	0.0
Pending Bills	Pending Bills	30,379,689	-	30,341,162	-	99.9	0.0
	Sub-Total	**40,379,689**	-	**40,236,102**	-	**99.6**	**0.0**
Department of Lands, Physical Planning, Housing & Urban Development							
Pending Bills	Pending Bills	1,523,953	2,000,000	1,519,980	-	99.7	0.0
	Sub-Total	**1,523,953**	**2,000,000**	**1,519,980**	-	**99.7**	**0.0**
Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy							
Veterinary extension & clinical services	Extension services	600,000	-	597,885	-	99.6	0.0
	Sub-Total	**600,000**	-	**597,885**	-	**99.6**	**0.0**
Grand Total		82,874,579	19,800,000	82,526,907	19,682,576	99.6	99.4

***Source**: Migori County Treasury*

The development sub-programmes with the highest budget implementation rates included Pending bills in the Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy, and Rongo Municipality at 100 per cent each; Infrastructure development in the Rongo Municipality at 100 per cent; and Infrastructure development in the Migori Municipality at 99 per cent. For recurrent sub-programmes, the top performers were Culture & Heritage Conservation in the Department of Education, Gender inclusivity, Social Services, Youth and Sports at 104 per cent, Pending bills and administrative services in the Department of Finance & Economic Planning at 100 per cent, pending bills in the Department of Lands, Physical Planning, Housing & Urban Development at 100 per cent, and extension services in the Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy at 99 per cent.

Their higher performances are attributed to prioritising payment of trade payables for contracted works, goods and services in addition to emerging cultural and heritage events, which included *'Pinny luo extravaganza'* showcased in December 2025

Table 3.411 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.411: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Lowest Performing Development Programmes and Sub-programmes							
Department of Trade, Tourism, Industry, Market & Cooperative Development							
Water supply & Management services	Community water services	-	143,303,491	-	-	-	-
Pending Bills	Pending Bills	-	4,384,286	-	-	-	-
Donor Funding	Donor Funding	-	314,874,000	-	-	-	-
	Sub Total	-	**462,561,777**	-	-	-	-
County Assembly Entity							
Infrastructure Development	Infrastructure Development Services	-	50,000,000	-	-	-	-
	Sub-Total	-	**50,000,000**	-	-	-	-
Kehancha Municipality							
Donor Funding	Donor Funding	-	16,800,000	-	-	-	-
Infrastructure Development	Infrastructure development	-	9,000,000	-	-	-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-Total	-	**25,800,000**	-	-	-	-
Lowest Performing Development Programmes and Sub-programmes							
Department of County Executive							
Cohesion & peace building	Peace Building Initiatives	7,009,915	-	-	-	-	-
	Conflict management & resolution	5,900,000	-	-	-	-	-
Research & Education	Research & Education Services	1,000,000	-	-	-	-	-
	Sub Total	**13,909,915**	-	-	-	-	-
Department of Trade, Tourism, Industry, Market & Cooperative Development							
Pending Bills	Pending BillS	3,026,728	-	-	-	-	-
Legal metrology services	Legal metrology services	4,300,000	-	-	-	-	-
Liquor Licensing & Control	Public participation and awareness creation	512,010	-	-	-	-	-
	Sub-Total	**7,838,738**	-	-	-	-	-
Department: Water and Energy							
Pending Bills	Pending Bills	1,575,290	-	-	-	-	-
Energy Development Services	Renewable energy development	750,000	-	-	-	-	-
	Sub-Total	2,325,290	-	-	-	-	-
Grand Total		24,073,943	390,674,000	-	-	-	-

***Source**: Migori County Treasury*

The development sub-programmes with zero budget implementation rates include community water services, pending bills, and donor funding in the Department of Water and Energy; infrastructure development in the County Assembly; and similar issues in Kehancha Municipality. Recurrent sub-programmes with zero per cent include peace-building initiatives and various services in the Department of County Executive and the Department of Trade, Tourism, Industry, Market & Cooperative Development. These low performances are mainly due to delays in annual procurement plans and issues with the electronic Government Procurement System.

3.27.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 76 accounts with commercial banks, including Thirty-two (32) accounts for Health Facilities, Six (6) accounts for Established Funds, Three (3) revenue accounts, Seven (7) special purpose accounts (additional allocations), Two (2) Imprest accounts, One (1) Salary control account, and Twenty-Five (25) departmental operational accounts.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 76 accounts at commercial banks, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.27.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Migori County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.262.21 million against an annual target of Kshs.760 million, representing 35 per cent of the financial year target.
ii. Low development performance in the review period, as the County incurred Kshs.393.08 million on development activities, achieving a 9 per cent absorption rate
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the County Education Bursary Fund, the County Scholarships & Educational Benefits Fund and Migori County Assembly Car loans & House Mortgage Fund Scheme had lapsed, making them ineligible for further withdrawals.
iv. High level of trade payables, amounting to Kshs.1.27 billion as of 31st December 2025. Furthermore, the County Treasury and Assembly did not adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.69.94 million for salary arrears towards the lap fund, lap trust, remittances, third-party deductions, and casual staff were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts, to enhance accountability and oversight.*

3.28. County Government of Mombasa

3.28.1 Overview of FY 2025/26 Budget

The Mombasa County Approved Budget for FY 2025/26 is Kshs.14.63 billion. It comprises Kshs.4.45 billion (30 per cent) and Kshs.10.18 billion (70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.1.63 billion (10 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.19 billion and a recurrent budget of Kshs.11.07 billion.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.8.24 billion (56 per cent), additional allocations of Kshs.1.32 billion (9 per cent), a cash balance of Kshs.191 million (1 per cent) brought forward from FY 2024/25, and Kshs.5.08 billion (35 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.412.

3.28.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.5.67 billion. This amount represented an increase of 1 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.5.65 billion. The total revenue consisted of Kshs.3.44 billion from the equitable share of revenue raised nationally and own-source revenue (OSR) collection of Kshs.2.04 billion. Additionally, the County had a cash balance of Kshs.191 million from FY 2024/25. The total OSR collection of

Kshs.2.04 billion included Facilities Improvement Financing (FIF) of Kshs.Kshs.1.07 billion and Kshs.969.18 million from other OSR sources. Table 3.412 summarises the total revenue available to the County Government during FY 2025/26.

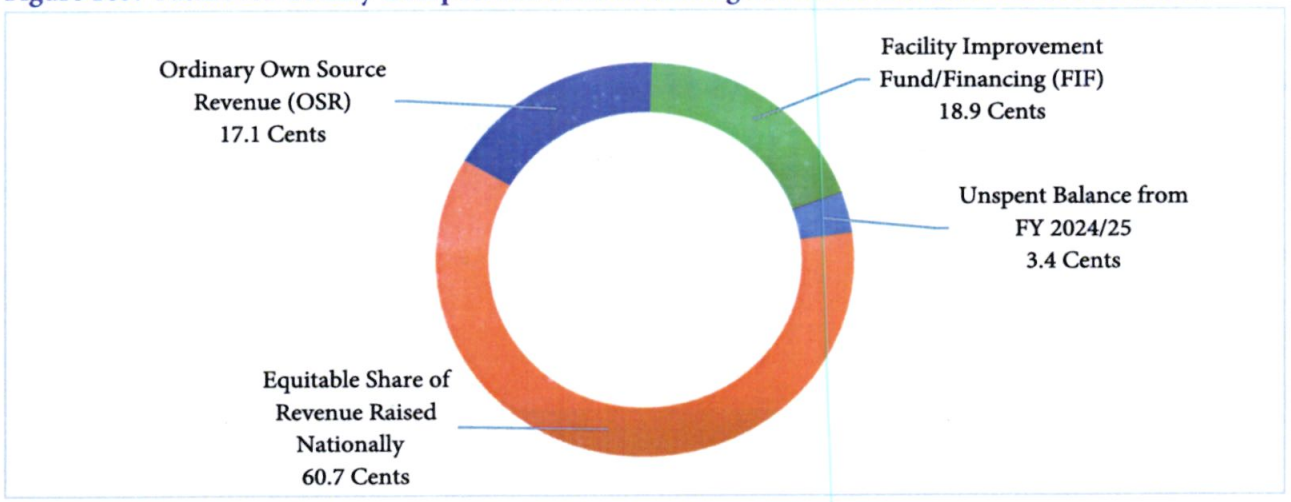
Table 3.412: Mombasa County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	182,573,974	-	182,573,974	- 182,573,974
2	County Executive Refunds to CRF	-	8,423,953	-	8,423,953	- 8,423,953
3	County Assembly Refunds to CRF	-	932	-	932	- 932
	Sub-Total	-	**190,998,859**	-	**190,998,859**	**- 190,998,859**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,236,179,184	3,442,193,728		3,442,193,728	4,793,985,456
	Sub-Total	**8,236,179,184**	**3,442,193,728**	-	**3,442,193,728**	**4,793,985,456**
D	**Additional Allocations (Including Grants)**					
1	Aggregated Industrial Parks Programme	100,000,000	-	-	-	100,000,000
2	Kenya Devolution Support Programme 2 (KDSP II)- Level I	37,500,000	-	-	-	37,500,000
3	Kenya Devolution Support Programme 2 (KDSP II)- Level II	352,500,000	-	-	-	352,500,000
4	Roads Maintenance Fuel Levy	130,500,000	-	-	-	130,500,000
5	DANIDA- Primary Health Care in Devolved System Program	15,888,750	-	-	-	15,888,750
6	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	150,000,000	-	-	-	150,000,000
7	World Bank - Water and Sanitation Development Project	529,500,000	-	-	-	529,500,000
	Sub-Total	**1,315,888,750**	-	-	-	**1,315,888,750**
E	**Ordinary Own Source Revenue (OSR)**					
	Ordinary Own Source Revenue	3,877,932,066	969,182,940	-	969,182,940	2,908,749,126
	Sub-Total	**3,877,932,066**	**969,182,940**	-	**969,182,940**	**2,908,749,126**
F	**Facility Improvement Fund/ Financing (FIF)**					
1	SHIF	622,343,789	512,216,315	-	512,216,315	110,127,474
2	Defunct NHIF	498,529,310	175,741,957	-	175,741,957	322,787,353
3	Other	79,126,901	384,414,778	-	384,414,778	305,287,877
	Sub-Total	**1,200,000,000**	**1,072,373,050**	-	1,072,373,050	127,626,950
	Grand Total	**14,630,000,000**	**5,674,748,577**	-	**5,674,748,577**	**8,955,251,423**

Source: Mombasa County Treasury

Figure 163 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

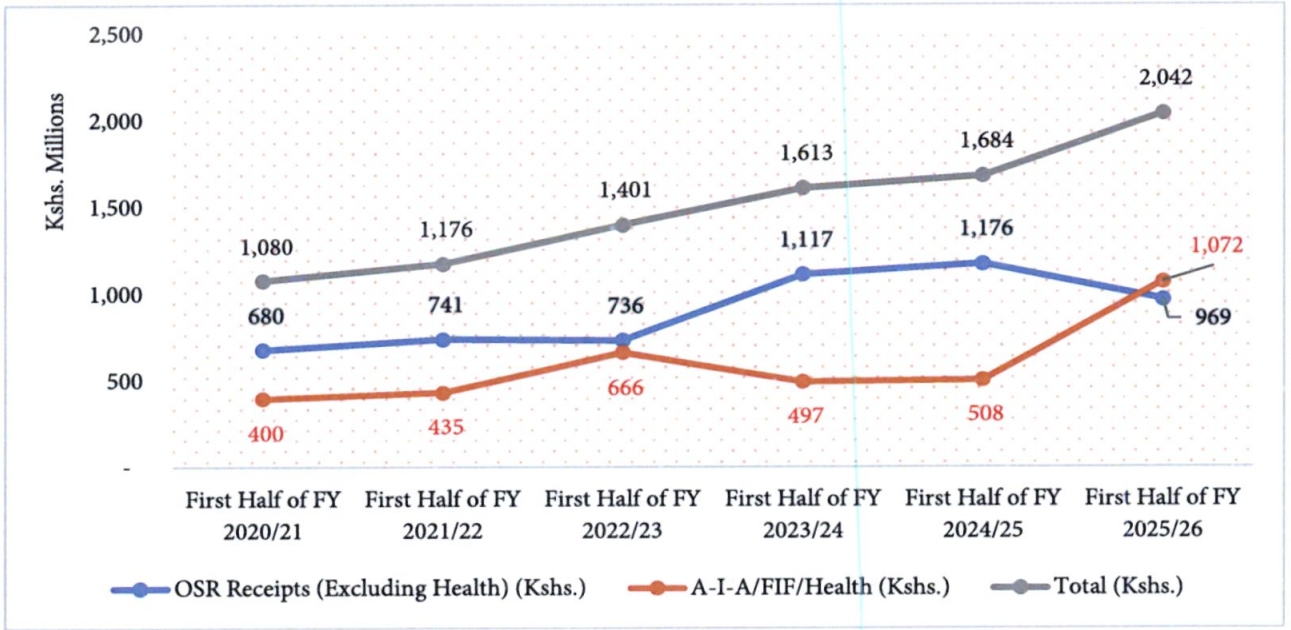
Figure 163: Mombasa County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Mombasa County Treasury*

The equitable share of revenue raised nationally, OSR, FIF, and the balance brought forward contributed 61 per cent, 17 per cent, 19 per cent, and 3 per cent, respectively, of the total receipts for the reporting period. Figure 164 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 164: Mombasa County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

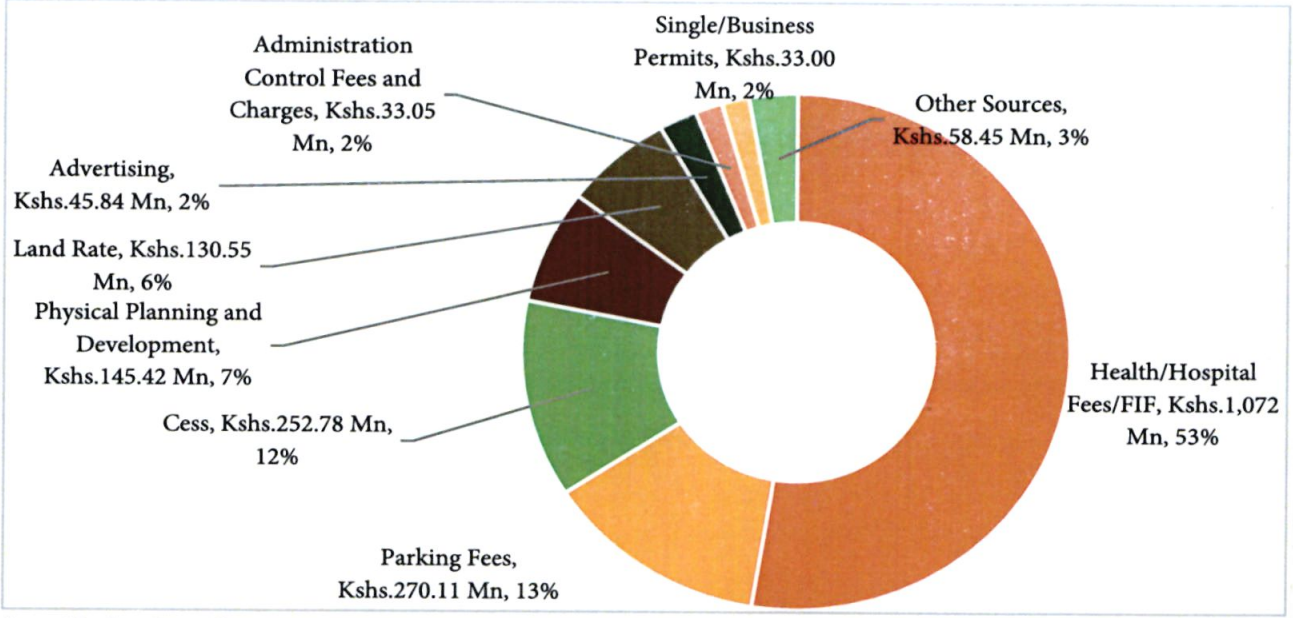


Source: *Mombasa County Treasury*

During the first half of FY 2025/26, the County received Kshs.2.04 billion from OSR, including FIF. This amount was an increase of 21 per cent compared to Kshs.1.68 billion realised in a similar period in FY 2024/25, and was 40 per cent of the annual target and 59 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to greater collection of the FIF.

The revenue streams that contributed the most to OSR receipts are shown in Figure 165

Figure 165: Mombasa County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Mombasa County Treasury

As shown in Figure 165 the highest revenue stream, at Kshs.1.07 billion, was from Health/Hospital fees/FIF, accounting for 53 per cent of the total OSR receipts. The County Government indicated that it has automated all the revenue streams.

3.28.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.13.84 billion, Table 3.413 presents a breakdown of the County's revenue arrears.

Table 3.413: Mombasa County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30 September 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Quarter of FY 2025/26 (Kshs)	
		a	b	C	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	**Plot Rate**	13,140,544,943.48	-	86,660,582	129,903,964	13,183,788,325.48
2	**Single Business Permit**				-	
	Sub-Total	13,140,544,943.48	-	86,660,582	129,903,964	13,183,788,325.48
B	**Facility Improvement Fund (FIF)**					
1	SHIF	794,260,730.67	-	**459,947,014.20**	-	**334,313,716.47**
2	Defunct NHIF	**498,529,310**	-	**175,741,957**	-	**322,787,353**
3	Insurance Companies					
	Sub-Total	**1,292,790,040.67**	-	**635,688,971.20**	-	**657,101,069.47**
Total		14,433,334,984.15			129,903,964	13,840,889,394.95

Source: Mombasa *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.13.84 billion, comprising Kshs.13.18 billion for Plot rate (95 per cent) and Kshs.657.10 million for FIF -SHIF/SHA and defunct NHIF (5 per cent).

3.28.4 Borrowing by the County

The County Treasury did not provide any information on borrowing.

3.28.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.4.65 billion from the County Revenue Fund (CRF) account. This amount consisted of Kshs.312.59 million (7 per cent) designated for development

programs and Kshs.4.34 billion (93 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.55 billion was allocated to employee compensation and Kshs.782.66 million to operations and maintenance expenditures. Within the operations and maintenance category, 4 per cent was for domestic travel and 5 per cent for foreign travel. The domestic travel exchequers totalled Kshs.31.36 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.42.79 million, with Kshs.20.74 million for the County Executive and Kshs.22.05 million for the County Assembly.

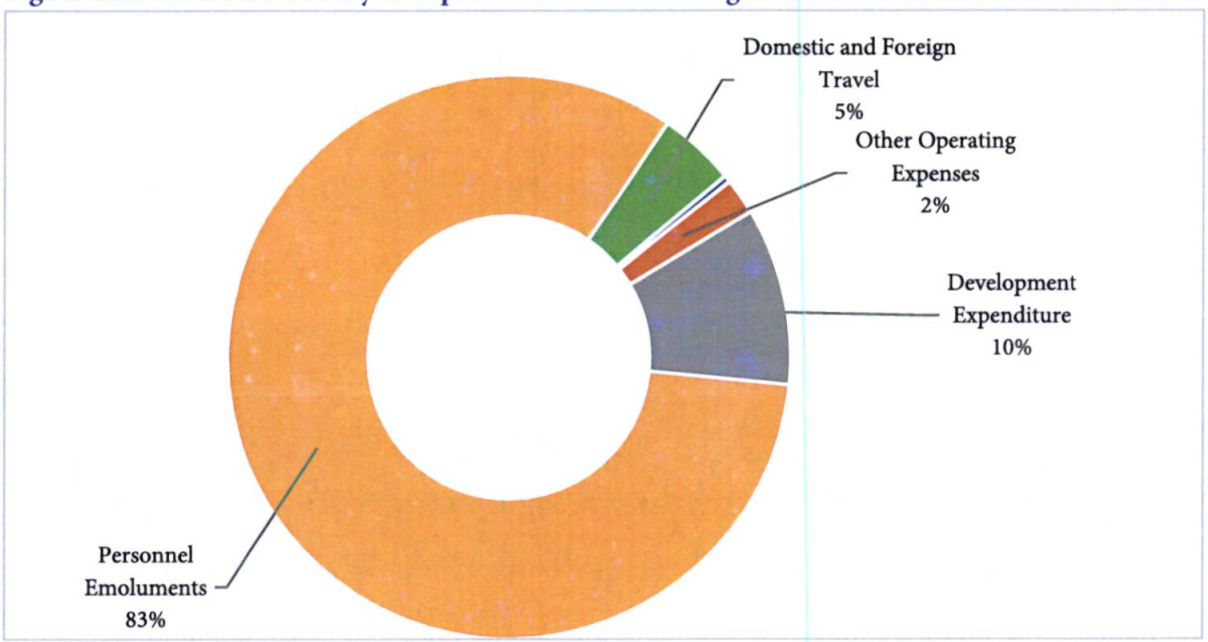
As of December 31, 2025, the County Government's cash balance in the CRF account was Kshs.18.47 million.

3.28.6 Expenditure Review

The County spent Kshs.4.51 billion on development and recurrent programmes during the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB. It comprised Kshs.423.61 million for development programmes and Kshs.4.09 billion for recurrent programmes. Expenditure on development programmes accounted for 10 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 40 per cent of the annual recurrent expenditure budget.

Figure 166 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 166: Mombasa County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Mombasa *County Treasury*

As shown in Figure 166 the three highest expenditure categories were Personnel Emoluments, Development expenditure, and domestic and foreign travel, which contributed 83, 10, and 5 per cent of total expenditure for the reporting period, respectively.

3.28.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.3.87 billion. This amount consisted of Kshs.3.75 billion from the County Executive and Kshs.118.40 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.2.44 billion for recurrent expenditure and Kshs.1.31 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.667.75 million, comprising Kshs.627.60 million (26 per cent) for recurrent programmes and Kshs.40.15 million (3 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.97.04 million (82 per cent) for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.3.08 billion for the County Executive and Kshs.21.36 million for the County Assembly. Table 3.414 provides additional details of trade payables.

Table 3.414: Mombasa County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,310,750,537	2,439,361,521	3,750,112,058
	County Assembly	-	118,396,110	118,396,110
	Total	**1,310,750,537**	**2,557,757,631**	**3,868,508,168**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	County Executive	75,268,909	622,033,521	697,302,430
	County Assembly	-	107,612,943	107,612,943
	Total	**75,268,909**	**729,646,464**	**804,915,373**
Amount paid in the First Half of FY 2025/26	County Executive	40,150,000	627,603,901	667,753,901
	County Assembly	-	97,038,592	97,038,592
	Total	**40,150,000**	**724,642,493**	**764,792,493**
Trade Payables Incurred in First Half of FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	1,270,600,537	1,811,757,620	3,082,358,157
	County Assembly	-	21,357,518	21,357,518
	Total	**1,270,600,537**	**1,833,115,138**	**3,103,715,675**

***Source**: Mombasa County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.729.65 million and Kshs.75.27 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.627.61 million for the Executive and Kshs.97.04 million for the Assembly.

Table 3.415 and Table 3.416 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.3.10 billion.

Table 3.415: Mombasa County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	19,826,289.4	-	-	1,250,774,247	1,270,600,537
Recurrent Trade Payables (Goods & Services)	76,560,760	-	-	1,434,115,031	1,510,675,790
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	301,081,830	301,081,830
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	76,560,760	-	-	1,735,196,860	1,811,757,620
Executive Trade Payables	96,387,049	-	-	2,985,971,108	3,082,358,157
% of Executive Trade Payables	3	-	-	97	100

***Source**: Mombasa County Treasury*

Table 3.416: Mombasa County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables-		-	-	-	-
Recurrent Trade Payables (Goods & Services)	12,592,329	2,549,009	-	1,263,098	**16,404,436**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	4,953,082	-	-	-	**4,953,082**
Total Recurrent Trade Payables	17,545,411	2,549,009	-	1,263,098	**21,357,518**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Trade Payables	**17,545,411**	**2,549,009**	-	**1,263,098**	**21,357,518**
% of Total	82	12	-	6	100

***Source**: Mombasa County Treasury*

The pending bills analysis shows that 96 per cent have been outstanding for over three years. To address this, the county treasury should implement a First-In-First-Out (FIFO) payment approach and adhere to the pending bills action plan established at the beginning of the financial year.

3.28.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.20 billion on compensation of employees, Kshs.477.73 million on operations and maintenance, and Kshs.423.61 million on development activities. Similarly, the County Assembly spent Kshs.273.99 million on compensation of employees, Kshs.135.79 million on operations and maintenance, as shown in Table 3.417.

Table 3.417: Mombasa County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
County Executive						
Recurrent	**9,438,448,094**	**3,820,850,057**	**3,678,072,160**	-	**3,678,072,160**	**39**
Compensation to Employees	6,697,734,927	3,201,489,669	3,200,340,313	-	3,200,340,313	48
Operations & Maintenance	2,740,713,167	619,360,388	477,731,847	-	477,731,847	17
Development	**4,380,706,012**	**312,588,757**	**423,608,306**	-	423,608,306	**10**
Executive Sub-total	**13,819,154,106**	**4,133,438,814**	**4,101,680,466**	-	**4,101,680,466**	**30**
County Assembly						
Recurrent	**740,845,894**	**514,345,250**	**409,786,651**	-	**409,786,651**	**55**
Compensation to Employees	437,849,053	351,041,828	273,994,405	-	273,994,405	63
Operations & Maintenance	302,996,841	163,303,423	135,792,246	-	135,792,246	45
Development	**70,000,000**	-	-	-	-	-
Assembly Sub-total	**810,845,894**	**514,345,250**	**409,786,651**	-	**409,786,651**	**51**
Combined County Totals						
Total Recurrent	**10,179,293,988**	**4,335,195,308**	**4,087,858,810**	-	**4,087,858,810**	**40**
Compensation to Employees	7,135,583,980	3,552,531,497	3,474,334,718	-	3,474,334,718	49
Operations & Maintenance	3,043,710,008	782,663,811	613,524,093	-	613,524,093	20
Total Development	**4,450,706,012**	**312,588,757**	**423,608,306**	-	**423,608,306**	**10**
Grand Total	14,630,000,000	4,647,784,065	4,511,467,116	-	4,511,467,116	31

*Source: **Mombasa County Treasury***

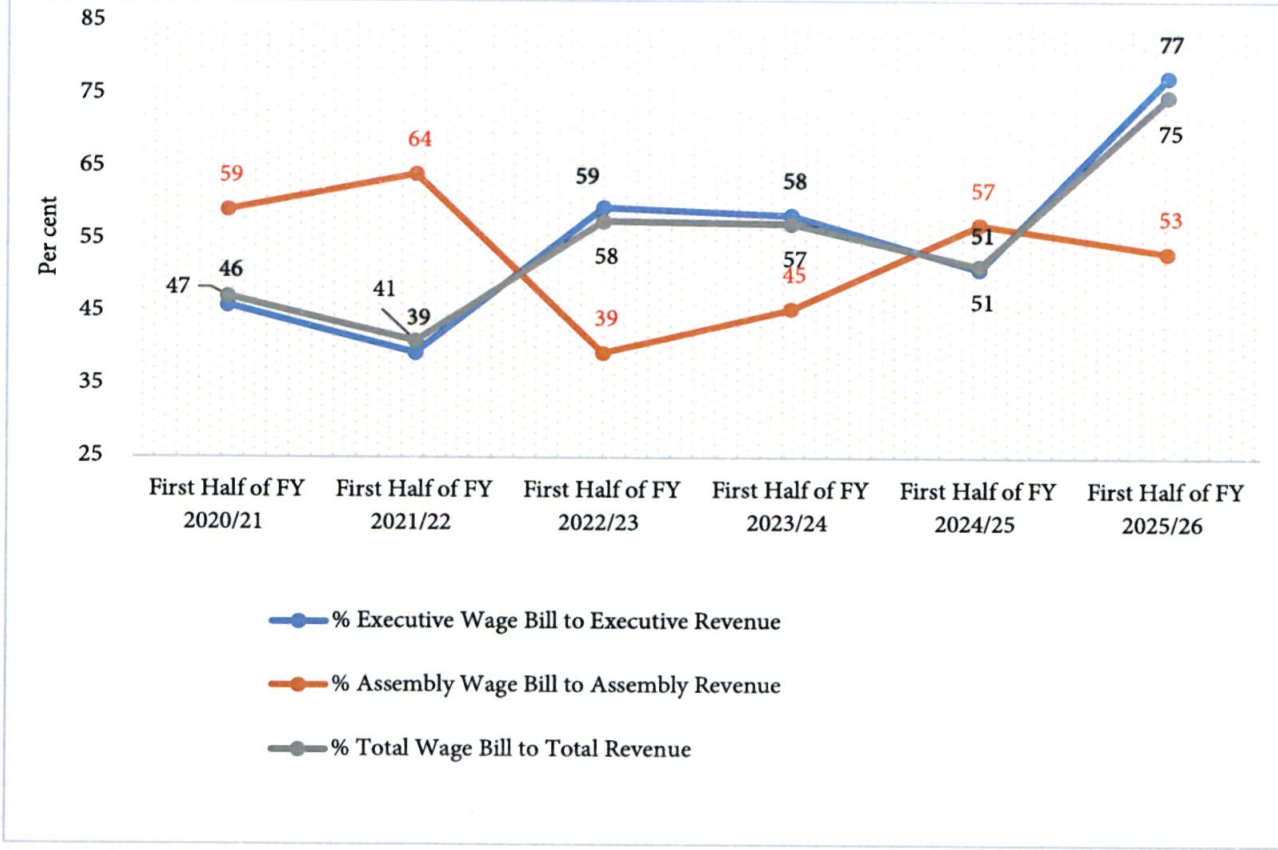
3.28.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.47 billion. The compensation-to-revenue ratio was 75 per cent. This

2024/25. Of this total, Kshs.1.52 billion is related to Health Sector employees, accounting for 44 per cent of the overall employees' compensation.

Figure 167 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 167: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Mombasa County Treasury

Further analysis indicated that PE costs amounting to Kshs.3.30 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.175.31 million was processed through manual payrolls, accounting for 5 per cent of the total PE cost.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), gratuity remittances to pension schemes for staff on contract, NSSF remittances, Housing Levy remittances, NITA remittances, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.418.

Table 3.418: Breakdown of Mombasa County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	97,731,858	12,795,762	**110,527,620**
LAPTRUST/LAPFUND Pension Contributions	-	212,760	**212,760**
Gratuity for contract staff	12,908,357	12,254,587	**25,162,944**
Community Health workers	34,215,000		
NSSF	-	340,200	**340,200**
Housing Levy	-	170,663	**170,663**
NITA	-	3,900	**3,900**
Total	**144,855,215**	**25,777,872**	**136,418,087**

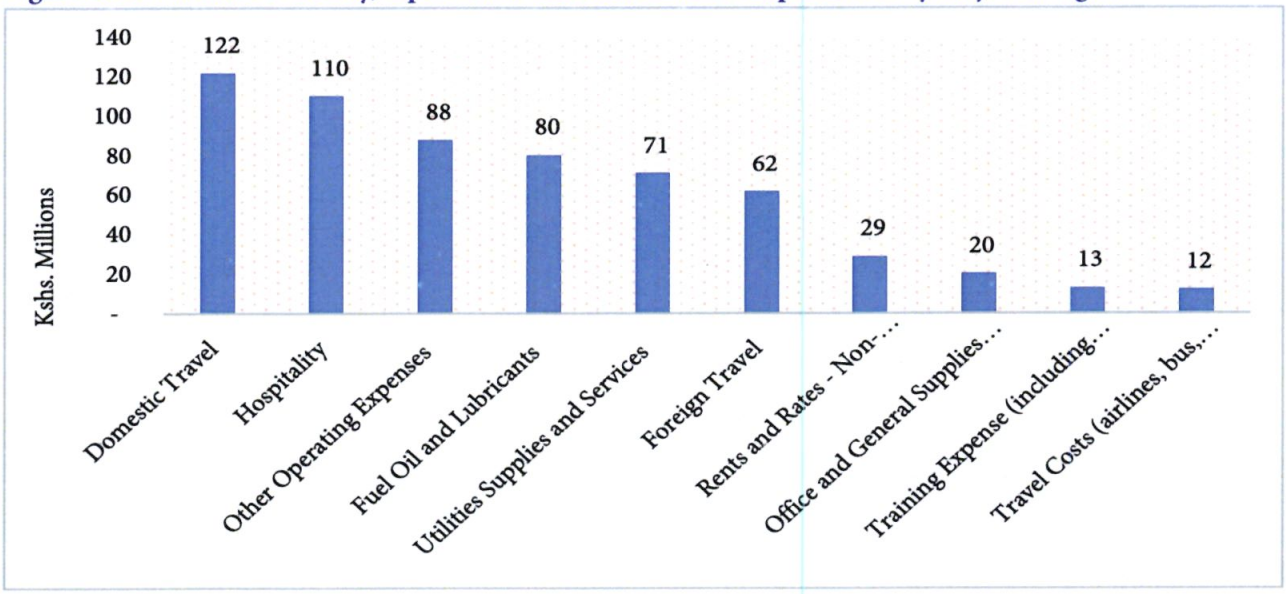
Source: Mombasa County Treasury

The County Assembly spent Kshs.16.62 million on committee sitting allowances for the 43 MCAs against the annual budget allocation of Kshs.35.88 million. The average monthly sitting allowance was Kshs.64,419 per MCA. The County Assembly has 21 House Committees.

3.28.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.613.52 million on operations and maintenance, representing a decrease of 51 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.24 billion. Figure 168 summarises the Operations and Maintenance expenditure by major categories.

Figure 168: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: *Mombasa County Treasury*

3.28.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.88 million on "*other operating expenses*," which is 14 per cent of the total operations and maintenance expenditure of Kshs.613.52 million. This category of expenditure includes Kshs.40 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.419.

Table 3.419: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211306	Membership Fees, Dues, and Subscriptions to Professional and Trade Bodies	3,590,000	294,400
2211308	Legal Dues/fees, Arbitration and Compensation Payments	61,044,813	40,000,000
2211311	Contracted Technical Services	179,159,000	44,520,940
2211311	Contractors Retention Money	179,159,000	2,386,520
2211311	VAT Withholding	179,159,000	822,938
2211322	Binding of Records	3,392,010	85,290
Total		605,503,823	88,110,088

Source: *Mombasa County Treasury*

3.28.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.236.5 million to County-Established funds in FY 2025/26, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (0.1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.420 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.420: Performance of Mombasa County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Mombasa County Elimu Scheme	2023	154,500,000	Ksh.72,000,000	72,000,000	1,766,527,622	NO
2	Emergency Fund		20,000,000	-	-	-	NO
3	Mombasa County Ardhi Fund	2024	50,000,000	-	-	-	N/A
		County Assembly Established Funds					
1	Mombasa County Assembly Car Loans and Mortgage for Members and staff	2021	12,000,000	-	-	-	YES
	Total		236,500,000		72,000,000	1,766,527,622	

Source: *Mombasa County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated in Table 3.420, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the established Funds had not lapsed.

3.28.13 County Corporations

The County has one County Corporation, which was allocated Kshs.20 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.10.49 million, as shown in Table 3.421.

Table 3.421: Performance of Mombasa County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Mombasa Investment Corporation.	20,000,000	10,000,000	10,000,000	65,000,000
	Total	20,000,000	10,000,000	10,000,000	65,000,000

Source: *Mombasa County Treasury*

3.28.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.62.24 million and comprised Kshs.40.49 million spent by the County Assembly and Kshs.21.76 million by the County Executive. Expenditure on foreign travel amounted to Kshs.61.60 million and comprised Kshs.22.05 million by the County Assembly and Kshs.39.55 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.422.

Table 3.422: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. Of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	1	12th-25th September 2025	Facilitation to attend the 80th session of the UN General Assembly from 12th-25th September 2025 in New York	USA	990,630
Executive	2	29th July- 2nd August 2025	Evaluation committee visit to Jospong group of companies in Ghana, 29- July 2025 to 2 Aug. 2025	GHANA	959,800
Executive	3		Travel to Dubai to attend the public governance best practices conference	DUBAI	2,063,934
Executive	6	22nd September-3rd October 2025	Facilitation for travel to Dubai for green training from 22nd September to 3rd October 2025	DUBAI	7,811,425
Executive	8	15th-19th September 2025	Facilitation for travel to Turkey from 15th-19th September 2025	TURKEY	6,932,440
Executive	4		Facilitation to attend the multi-city leadership reunion, Cape Town, South Africa	SOUTH AFRICA	2,747,572
Executive	1	5th-13th April 2025	Claim for attending the 14th annual affordable housing projects conference 2025 in Kuala Lumpur, Malaysia, from 5th to 13th April 2025	MALAYSIA	578,234
Executive	1	19th August-7th September 2025	Facilitation for travel to Istanbul, Turkey from 2919th august-7th September 2025	TURKEY	1,082,757
Executive	1		Claim for travel to Japan to attend the county business forum on 23rd June 2025	JAPAN	1,067,858
Executive	1		Claim for travel to Denmark to attend the learning programme, practices, tools and technologies for the green transition	DENMARK	471,210
County Assembly	7	9th-16th November 2025	Being paid for training on strengthening county oversight in education-Dubai	DUBAI	3,630,424
County Assembly	7	6th-13th November 2025	Being paid for training on the public health, resilience and community systems programme in Dubai	DUBAI	3,734,836
County Assembly	7	7th-14th November 2025	Being paid for training on the infrastructure and project management programme in Dubai	DUBAI	3,790,276
County Assembly	1	17th-26th November 2025	Being paid for your cybersecurity conference, Minnesota, U.S. A	USA	649,840
County Assembly	7	29th Nov-5th Dec 2025	Being pre-payment for training on the strengthening public accountability and financial transparency programme - Dubai	DUBAI	3,951,976
County Assembly	6	7th-14th December 2025	Being pre-payment for training on blue economy entrepreneurship and investment for prosperity programme - Dubai	DUBAI	3,183,864
County Assembly	4	5th-12th December 2025	Being pre-paid for training on the financial accountability & oversight programme - Dubai	DUBAI	2,137,360
County Assembly	2	3rd-10th December 2025	Being pre-payment for training on strategies for effective youth participation in county assemblies - UK	UK	968,888

Source: Mombasa County Treasury and Mombasa County Assembly

3.28.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.1.072 billion as FIF, which was 89 per cent of the annual target of Kshs.1.2 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.765.07 million, as shown in Table 3.423

Table 3.423: Mombasa County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	500,496,799	537,943,382.80	107
2.	Level 4 Hospital	5	110,464,874	151,728,494.40	137
3.	Level 3 Facility	6	55,232,437	75,402,018	137
4.	Level 2 Facility	38			
	Total	60	666,194,110	765,073,895.22	115

Source: *Mombasa County Treasury*

3.28.16 Development Expenditure

In the review period, the County reported spending Kshs.423.61 million on development programmes, representing a decrease of 28 per cent compared to FY 2024/25, when the County spent Kshs.588.55 million. Table 3.424 summarises the development projects with the highest expenditure in the reporting period.

Table 3.424: Mombasa County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocatioon (Kshs.)	Amount paid (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)
Tourism, Culture and Trade	PROPOSED CONSTRUCTION OF COUNTY AGGREGATION AND INDUSTRIAL PARKS	Countywide	100,000,000	100,000,000	50,626,770	51	GoK
Transport, Infrastructure and Public Works	PROPOSED CONSTRUCTION OF BOFU LEVEL TWO HOSPITAL IN LIKONI	Likoni	34,603,178	50,000,000	47,244,564	137	GoK
Finance and Economic Planning	PROPOSED WATER ABSTRACTION, PURIFICATION, AND HARVESTING WORKS IN SCHOOLS, MOMBASA COUNTY	Across County	40,150,000	40,150,000	40,150,000	100	GoK
Health	PHILIPS CASTHLAB MACHINE	Mvita	24,510,170	82,069,250	24,510,170	100	GoK
Transport, Infrastructure and Public Works	PROPOSED CONSTRUCTION AND IMPROVEMENT OF MOMBASA CYCLE NETWORK PROJECT	Mvita	104,000,000	77,000,000	22,276,130	21	GoK
Transport, Infrastructure and Public Works	Proposed construction of a level III health facility in Mjambere ward	Mjambere	65,928,709	50,000,000	14,762,755	22	GoK
Transport, Infrastructure and Public Works	DESIGN AND CONSTRUCTION OF NYERERE ROAD A14-MBARAKI ROAD C1142 TO BITUMEN STANDARD	Mvita	8,918,250	77,000,000	8,918,250	100	GoK
Education	PROPOSED CONSTRUCTION OF ECD CENTRE AT DIGIRIKANI PRIMARY SCHOOL		26,264,610	77,000,000	7,168,813	27	GoK
Transport, Infrastructure and Public Works	PROPOSED ROUTINE MAINTENANCE, POTHOLE PATCHING AND REGULATION OF KONGOWEA ROAD		6,615,066	275,000,000	6,615,066	100	GoK
Education	PROPOSED ECD CENTRE MAJAONI PRIMARY SCHOOL - KISAUNI	Kisauni	21,456,800	77,000,000	6,192,630	29	GoK

Source: *Mombasa County Treasury*

The County did not report any stalled development projects as of 31st December 2025, Budget Performance by Department. Table 3.425 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.425: Mombasa County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	740.85	70	445.12	-	409.79	-	92.06	-	55.31	-
Public Service Board	120.94	10	38.75	-	54.81	-	141.45	-	45.32	-
Finance And Economic Planning	880.48	382.51	250.59	140.87	300.15	88.84	119.78	63.07	34.09	23.23
Health	4,184.84	600	1,753.40	24.51	1,697.17	24.51	96.79	100	40.56	4.09
Transport, Infrastructure & Public Works	686.57	743.54	368.35	93.41	318.56	95.27	86.48	101.99	46.40	12.81
Environment And Governance	897.03	786.05	409.12	-	323.85	70	79.16	-	36.10	8.91
Education	554.38	227.50	341.61	-	251.92	85.36	73.74	-	45.44	37.52
Water, Natural Resources, and Climate Change Resilience	217.22	334.50	71.75	-	68.75	9	-	-	-	-
Public Service Administration, Youth, Gender, Social Services and Sports.	774.02	-	155.75	-	165.18	-	-	-	-	-
Tourism, culture & Trade	438.46	37	160.16	53.80	174.80	50.63	-	-	-	-
Lands, Urban Renewal, and Housing	185.07	570.30	89.52	-	82.54	-	-	-	-	-
Blue Economy, Cooperatives, Agriculture, and Livestock	177.97	151	99.77	-	70.66	-	70.82	-	39.70	-
County Attorney	98.01	460	60.35	-	60.45	-	100.17	-	61.68	-
County Executive	223.46	78.30	90.94	-	109.24	-	120.12	-	48.89	-
Total	10,179.30	4,450.70	4,335.18	312.59	4,087.87	423.61	42.6	7.0	3.1	91.8

Source: *Mombasa County Treasury*

Analysis of expenditure by departments shows that the Department of Education recorded the highest absorption rate of the development budget at 38 per cent, followed by the Department of Finance & Economic Planning at 23 per cent. The Department of County Attorney had the highest recurrent expenditure-to-budget ratio at 62 per cent, while the Department of Finance & Economic had the lowest at 34 per cent.

3.28.17 Budget Execution by Programmes and Sub-Programmes

Table 3.426 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.426: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Assembly							
Human Resource Management	Compensation to Employees	470,139,881	-	273,994,405	-	58.28	-
Legal	Use of Goods and Services	109,942,762	70,000,000	75,956,800	-	69.09	-
Sub-Total		**580,082,643**	**70,000,000**	**349,951,204**	-	**60.33**	-
Health							
Programme 7	Administration Unit	3,459,178,098	178,374,932	1,693,165,610	24,510,170	48.95	13.74
	Sub-Total	**3,459,178,098**	**178,374,932**	**1,693,165,610**	**24,510,170**	**48.95**	**13.74**

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Transport, Infrastructure & Public Works							
	Roads Infrastructure Development	14,950,393	534,280,000	225,000	39,672,402	1.50	7.43
	Transportation Management	168,100,000	84,800,000	79,575,496	17,540,818	47.34	20.68
	County Public Works	1,310,000	55,000,000	-	38,056,305	-	69.19
	Sub Total	**184,360,393**	**674,080,000**	**79,800,496**	**95,269,525**	43.29	14.13
Environment and Governance							
Programme 5	Administration, Planning and Support Services	776,837,672	15,000,000	313,078,157	70,000,000	40.30	466.67
Sub Total		**776,837,672**	**15,000,000**	**313,078,157**	**70,000,000**	**40.30**	**466.67**
Education							
	Early Childhood Education	19,765,363	126,000,000	-	13,361,443	-	10.60
Sub Total		**19,765,363**	**126,000,000**	-	**13,361,443**	-	**10.60**
Tourism, culture & Trade							
	Trade Development and Markets/ Consumer Protection	34,550,000	334,500,000	750,000	50,626,770	2.17	15.14
Sub Total		**34,550,000**	**334,500,000**	**750,000**	**50,626,770**	**2.17**	**15.14**
County Attorney							
Programme 14	General Administration & Legal ServiceS	98,014,783	-	60,446,914	-	61.67	-
Sub Total		**98,014,783**	-	**60,446,914**	-	**61.67**	-
County Executive							
Programme 1	General Administration and Human Resource Planning Services	162,498,066	-	94,308,481	-	58.04	-
Sub Total		**162,498,066**	-	**94,308,481**	-	**58.04**	-
Grand Total		5,315,287,017	1,397,954,932	2,591,500,861	253,767,908	48.76	18.15

Source: *Mombasa County Treasury*

The development sub-programmes with the highest budget implementation rates included Administration, Planning and Support Services in the Department of Environment and Governance at 467 per cent, County Public Works in the Department of Transport, Infrastructure & Public Works at 69 per cent, and Transportation Management at 21 per cent. For recurrent sub-programmes, the top performers were General Administration & Legal Services in the Department of County Attorney at 62 per cent, Compensation to Employees in the Department of County Assembly at 58 per cent, General Administration and Human Resource Planning Services in the Department of County Executive at 58 per cent, and Administration Unit at 49 per cent in the Department of Health.

Table 3.427 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.427: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Finance And Economic Planning							

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Digital Transformation	71,557,300	88,050,000	-	-	-	-
	Sub-Total	**71,557,300**	**88,050,000**	-	-	-	-
Health							
	Curative/Clinical Health Services	121,210,011	59,625,068	-	-	-	-
	Coast General Teaching and Referral Hospital	500,496,799	335,000,000	-	-	-	-
	Sub-Total	**621,706,810**	**394,625,068**	-	-	-	-
Water, Natural Resources, and Climate Change Resilience							
	Natural Resources Management	2,390,000	46,050,260	-	-	-	-
	Sanitation Services and Management	10,000,000	42,000,000	-	-	-	-
	Climate Resilience	2,600,000	13,000,000	-	-	-	-
	Renewable Energy	5,400,000	22,500,000	-	-	-	-
Sub Total		**20,390,000**	**123,550,260**	-	-	-	-
Lands, Urban Renewal, and Housing							
	Urban Planning	1,500,000	121,000,000	-	-	-	-
		1,500,000	**121,000,000**	-	-	-	-
Blue Economy, Cooperatives, Agriculture, and Livestock							
	Veterinary Services	8,151,561	40,000,000	-	-	-	-
	Cooperative Development	3,603,729	5,000,000	-	-	-	-
Sub Total		**11,755,290**	**45,000,000**	-	-	-	-
Grand Total		726,909,400	772,225,328	-	-	-	-

***Source**: Mombasa County Treasury*

All the development and the recurrent sub-programmes in the table above have the lowest absorption rates, 0 per cent.

3.28.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 94 accounts in commercial banks, including 62 for Health Facilities, 3 for Vocational Training Centres, 4 for Established Funds, 4 revenue accounts, and 11 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of the commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.28.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Mombasa County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 2nd February 2026.

ii. Low development performance in the review period as the County incurred Kshs.423.61 million on development activities, achieving a 9.5 per cent absorption rate.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012.
iv. High level of trade payables, which amounted to Kshs.3.10 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.180.02 million for staff not onboarded to HRIS, accounting for 5 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. The County reported Kshs.88.11 million under "*other operating expenses,*" accounting for 14 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.29. County Government of Murang'a

3.29.1 Overview of FY 2025/26 Budget

The Murang'a County Approved Budget for FY 2025/26 is Kshs.11.72 billion. It comprises Kshs.7.89 billion (68 per cent) and Kshs.3.83 billion (32 per cent) allocation for recurrent and development programmes, respectively. The budget estimates represent an increase of Kshs.973.09 million (9 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.22 billion and a recurrent budget of Kshs.7.53 billion. The increase in the budget was primarily due to increases in the Equitable Share and County Government Additional allocations.

The budget is to be financed through various revenue sources. These include the equitable share of revenue raised nationally, Kshs.8.04 billion (68.7 per cent), additional allocations of Kshs.1.47 billion (12.6 per cent), a cash balance of Kshs.600 million (5.1 per cent) brought forward from FY 2024/25, and Kshs.1.61 billion (13.7 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.428.

3.29.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.06 billion. This amount represented a decrease of less than one (1) per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.4.21 billion. The total revenue consisted of Kshs.3.414 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.9.70 million, as well as own-source revenue (OSR) collection of Kshs.506 million. Additionally, the County had a cash balance of Kshs.129.84 million from FY 2024/25. The total OSR collection of Kshs.506.0 million included Facilities Improvement Financing (FIF) of Kshs.310.6 million, and Kshs.195.40 million from other OSR sources. Table 3.428 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.428: Murang'a County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	600,000,000	127,932,878		127,932,878	472,067,123
2	County Executive Refunds to CRF	-	1,904,364.55	-	1,904,365	- 1,904,365
3	County Assembly Refunds to CRF	-	1,332.60	-	1,333	- 1,333
	Sub-Total	**600,000,000**	**129,838,575**	**-**	**129,838,575**	**470,161,425**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,039,755,314	3,414,671,610	637,557,190	4,052,228,800	3,987,526,514
	Sub-Total	**8,039,755,314**	**3,414,671,610**	**637,557,190**	**4,052,228,800**	**3,987,526,514**
C	**Transfers from the Equalisation Fund**					
1	Equalisation Fund	-	-	5,679,579	5,679,579	5,679,579
	Sub-Total	**-**	**-**	**5,679,579**	**5,679,579**	**5,679,579**
D	**Additional Allocations (Including Grants)**					
1	Nutrition International	20,000,000	-	-	-	20,000,000
2	Financing Locally Led Climate Action	191,459,226	-	-	-	191,459,226
3	Road Maintenance Levy Fund	270,941,894	-	-	-	270,941,894
4	County Government Health Workers	56,993,611	-	-	-	56,993,611
5	Community Health Promoters	46,050,000	-	-	-	46,050,000
6	Primary Health Care in a Devolved Context	9,701,250	9,701,250		9,701,250	-
7	Additional Allocation for Court Fines	70,740,842	-	-	-	70,740,842
8	Kenya Agricultural Business Development Program	10,918,919	-	-	-	10,918,919
9	Kenya Devolution Support Program Level I	37,500,000	-	-	-	37,500,000
10	Kenya Devolution Support Program Level II	352,500,000	-	-	-	352,500,000
11	National Agricultural Value Chain Development Program (NAVCDP)	151,515,152	-	-	-	151,515,152
12	Kenya Urban Support Program - UIG	28,000,000	-	-	-	28,000,000
13	Kenya Urban Support Program UDG	124,000,000	-	-	-	124,000,000
14	County Aggregated Industrial Parks (CAIPs)	100,000,000	-	-	-	100,000,000
	Sub-Total	**1,470,320,894**	**9,701,250**	**-**	**9,701,250**	**1,460,619,644**
E	**Ordinary Own Source Revenue (OSR)**					
1	Licences	280,817,722	14,882,070	-	14,882,070	265,935,652
2	Land Rate	84,779,603	10,743,606	-	10,743,606	74,035,997
3	Cess Revenue	10,214,244	3,922,234	-	3,922,234	6,292,010
4	House Rent/Stall/Hall	3,733,487	399,000	-	399,000	3,334,487
5	Bus Park Fee	43,262,230	22,646,243	-	22,646,243	20,615,987
6	Parking Fee	21,946,265	9,903,225	-	9,903,225	12,043,040
7	Barter Market Fee	55,174,115	25,968,261	-	25,968,261	29,205,854
8	Self-Help Group	424,793	123,240	-	123,240	301,553
9	Liquor	116,351,746	5,798,300	-	5,798,300	110,553,446

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
10	Motor Bikes/Tuk Tuk	9,540,079	3,185,325	-	3,185,325	6,354,754
11	Building Materials & Other Cess	81,302,423	36,130,230	-	36,130,230	45,172,193
12	Advertisement	14,063,918	2,801,851	-	2,801,851	11,262,067
13	Lands & Planning Revenue	72,438,731	42,366,110	-	42,366,110	30,072,621
14	Impounding Fees	3,459,808	1,158,427	-	1,158,427	2,301,381
15	Other Revenues	3,742,563	2,408,756	-	2,408,756	1,333,807
16	Fire Fighting	1,571,460	76,500	-	76,500	1,494,960
17	Mariira Farm	1,112,307	282,786	-	282,786	829,521
18	Cooperatives (Audit)	87,483	-	-	-	87,483
19	Veterinary Services	20,625,011	9,497,070	-	9,497,070	11,127,941
20	Public Health	3,304,566	3,106,237	-	3,106,237	198,330
21	Weight & Measures	612,480	-	-	-	612,480
23	Land Leasing	190,000,000	-	-	-	190,000,000
	Sub-Total	**1,018,565,034**	**195,399,471**	**-**	**195,399,471**	**633,165,563**
F	Facility Improvement Fund/Financing (FIF)					
1	FIF	588,104,199	310,604,867	-	310,604,867	277,499,332
	Sub-Total	**588,104,199**	**310,604,867**	**-**	**310,604,867**	**277,499,332**
	Grand Total	11,716,745,441	4,060,215,772	643,236,769	4,703,452,541	6,823,292,900

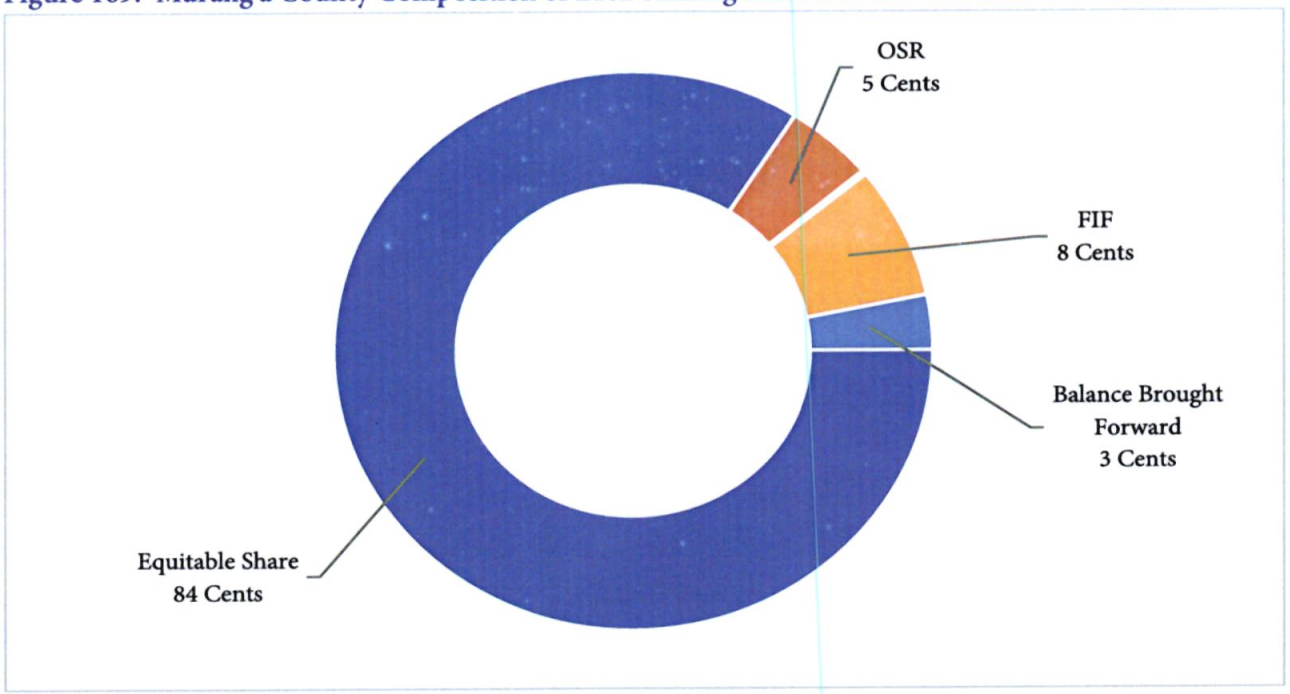
Source: *Muranga County Treasury*

The County achieved 34 per cent of its total expected revenue for the Financial year 2025-2026. Equitable share received was 40 per cent of the budgeted amount, own source revenue realised was 31 per cent of the budgeted amount, and County Government additional allocations were less than 1%. The low realisation of County Government's additional allocations was due to the lack of releases during the period. Several streams of own-source revenue were below 25 per cent due to their seasonal nature. These include Single Business Permits, Land rates and advertisements.

The County has no legislation governing the operation of ordinary Appropriation in aid and FIF. However, the County uses the National FIF Act to operationalise FIF in its health centres.

Figure 169 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

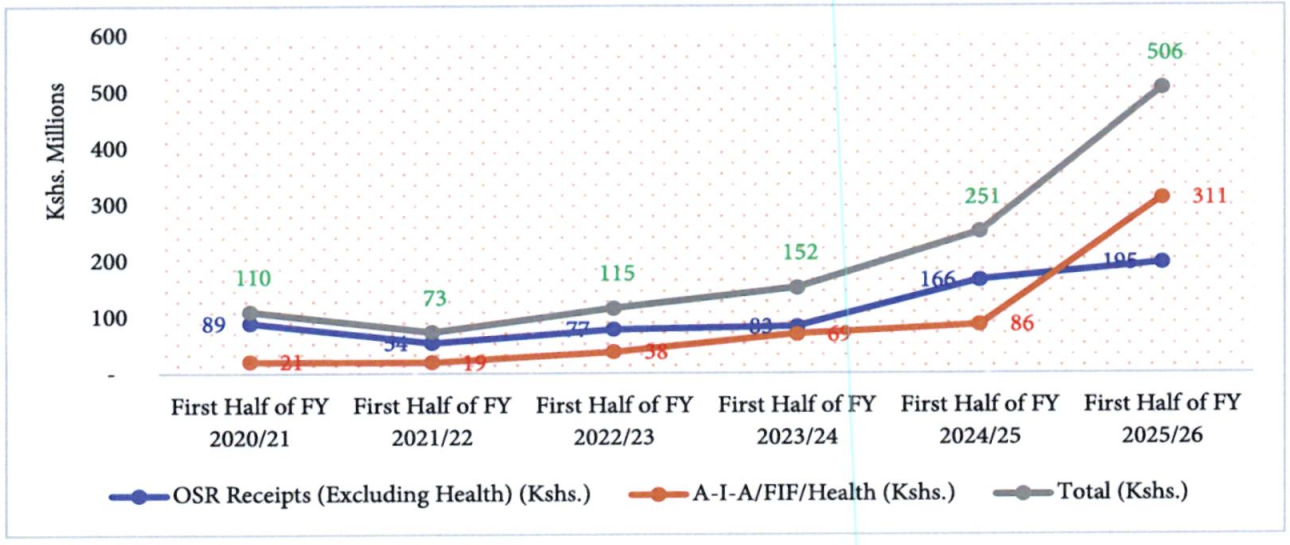
Figure 169: Murang'a County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Murang'a County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 84 per cent, 5 per cent and 8 per cent, respectively, of the total receipts for the reporting period. Figure 170 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 170: Muranga County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

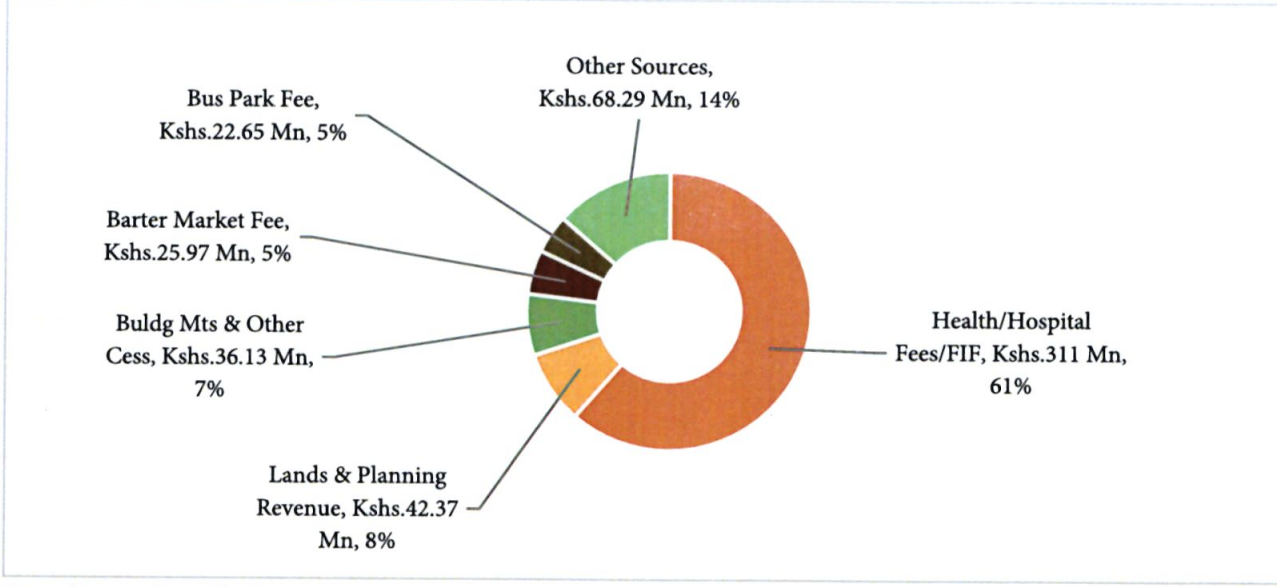


Source: *Murang'a County Treasury*

During the first half of FY 2025/26, the County received Kshs.506 million from OSR, including FIF. This amount was an increase of 101 per cent compared to Kshs.251.16 million realised in a similar period in FY 2024/25, and was 31 per cent of the annual target and 15 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the County's continued enhancement of health services across its facilities, which has led to more patients. The revenue streams that contributed the most to OSR receipts are shown in Figure 171

Figure 171: Murang'a County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Muranga County Treasury*

As shown in Figure 171, the highest revenue stream, at Kshs.310.60 million, was from hospital fees/ FIF, accounting for 61 per cent of the total OSR receipts. The County Government indicated that it has automated all 23 of its revenue streams.

3.29.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.41.83 million, which was still outstanding at Kshs.41.83 million as of 31st December 2025. Table 3.429 presents a breakdown of the County's revenue arrears.

Table 3.429: Murang'a County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	**Plot rate**	**41,825,426**				**41,825,426**
	Sub-Total	**41,825,426**				**41,825,426**
	Total	**41,825,426**				**41,825,426**

Source: Murang'a *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.41,825,426, comprising plot rents and rates. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include continuous reminders and follow-up of plot owners to ensure they settle these arrears.

3.29.4 Borrowing by the County

Murang'a County Executive and Assembly did not have any credit facility with any financial institution within the period.

3.29.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3,421.55 million from the Murang'a County Revenue Fund (CRF) account. This amount consisted of Kshs.559.54 million (16 per cent) designated for development programs and Kshs.2,862.01 million (84 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs1,954.5 million was allocated for employee compensation, and Kshs.907.51 million for operations and maintenance expenditures. Within the operations and maintenance category, 16.52 per cent was for domestic travel. The domestic travel exchequers totalled Kshs.149.91 million, which included Kshs.55.21 million

for the County Executive and Kshs.94.70 million for the County Assembly. Meanwhile, the county incurred no expenditure on foreign travel during the period.

As of December 31, 2025, the County Government's cash balance in the Murang'a CRF account was Kshs.167.9 million. In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.256.48 million for the County Assembly during the review period. This entire amount was allocated to recurring activities.

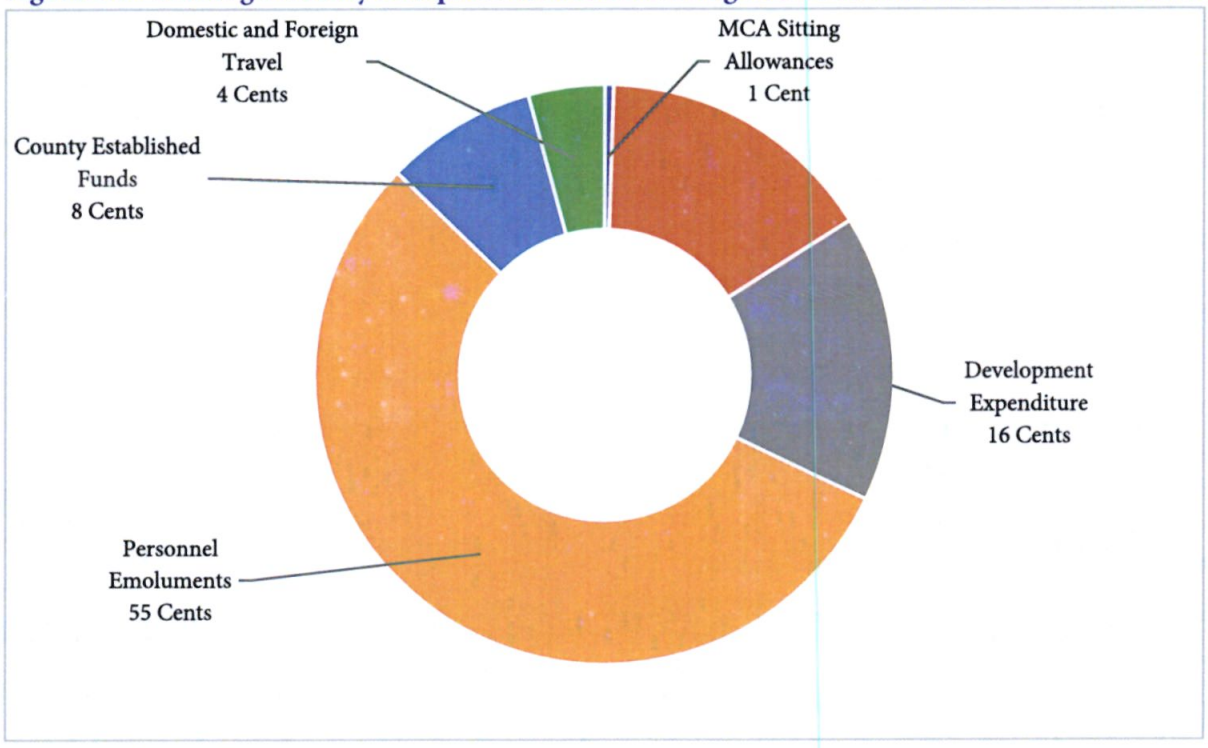
The County Assembly of Murang'a has not yet operationalised the County Assembly Fund.

3.29.6 Expenditure Review

The County spent Kshs.3.421 billion on development and recurrent programmes in the reporting period. The expenditure represented 99 per cent of the total funds released by the CoB. It comprised Kshs.559.54 million for development programmes and Kshs.2,862.01 million for recurrent programmes. Expenditure on development programmes represented 15 per cent of the annual development expenditure budget, while recurrent expenditure represented 36 per cent of the annual recurrent expenditure budget.

Figure 172 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 172: Murang'a County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Murang'a *County Treasury*

Figure 172, the three highest expenditure categories were personnel emoluments, development expenditure, and county established funds, which contributed 55%, 16%, and 8% of total expenditure for the reporting period.

3.29.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1,993.75 billion. This amount consisted of Kshs.1,921.49 billion from the County Executive and Kshs.72.27 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.1,588.13 million for recurrent expenditure and Kshs.72.27 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.636.59 million, comprising Kshs.481.7 million (30 per cent) for recurrent programmes and Kshs.154.89 million (46 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.34.19 million for recurrent activities, with no payables

on development. The outstanding trade payables as of 31st December 2025 were Kshs.1,284.9 million for the County Executive and Kshs.38 million for the County Assembly. Table 3.430 provides additional details of trade payables.

Table 3.430: Muranga County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	333,359,916	1,588,128,815	1,921,488,731
		County Assembly	-	72,265,494	72,265,494
		Total	333,359,916	**1,660,394,309**	1,993,754,225
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	206,376,982	569,844,022	776,221,004
		County Assembly	-	34,190,720	34,190,720
		Total	206,376,982	604,034,742	810,411,724
Amount paid in the First Half of FY 2025/26	c	County Executive	154,891,145	852,907,388	1,007,798,532
		County Assembly	-	34,190,720	34,190,720
		Total	**154,891,145**	**887,098,108**	**1,041,989,252**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	178,468,771	735,221,427	913,690,199
		County Assembly	-	38,074,774	38,074,774
		Total	**178,468,771**	**773,296,201**	**951,764,973**

Source: Muranga *County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.604.03 million and Kshs.206.38 million on recurrent and development expenditure, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.1,007.8 million for the Executive and Kshs.34.19 million for the Assembly.

Table 3.431 and Table 3.432 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.951.76 million.

Table 3.431: Muranga County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	141,487,933	-	-	36,980,838	178,468,770.93
Recurrent Trade Payables (Goods & Services)	163,153,609		-	98,578,780	261,732,389
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	443,155,561	443,155,561
Recurrent Trade Payables (Staff Claims)	30,333,478	-	-	-	30,333,478
Total Recurrent Trade Payables	193,487,087	-	-	541,734,341	735,221,428
Total Trade Payables	334,975,020	-	-	578,715,179	913,690,198
% of Total	**36.6**	-	-	**63.3**	**100**

Source: *Muranga County Treasury*

Table 3.432: Muranga County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	2,807,200	-	-	-	**2,807,200**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	1,951,631	-	18,765,709	**20,717,340**
Recurrent Trade Payables (Staff Claims)	14,550,234	-	-	-	**14,550,234**
Total Recurrent Trade Payables	17,357,434	1,951,631	-	18,765,709	**38,074,774**
Total Trade Payables	**17,357,434**	**1,951,631**	-	**18,765,709**	**38,074,774**
% of Total	45	5.12	-	49.3	100

Source: *Muranga County Treasury*

The County Government has made significant progress in settling its payables as budget implementation progresses; however, most of the payables settled are from the past year. It is strongly recommended that the County Government adopt a first-in, first-out method for settling payables.

3.29.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.82 billion on compensation of employees, Kshs.782.27 million on operations and maintenance, and Kshs.559.54 million on development activities. Similarly, the County Assembly spent Kshs.131.24 million on compensation of employees, Kshs.125.25 million on operations and maintenance, as shown in Table 3.433.

Table 3.433: Murang'a County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**7,071,115,645**	**816,710,947**	**2,605,528,649**	**256,484,121**	-	-	**2,605,528,649**	**256,484,121**	**37**	**31**
Compensation of Employees	4,855,391,877	397,237,638	1,823,261,640	131,237,623	-	-	1,823,261,640	131,237,623	38	33
Operations and Maintenance	2,215,723,768	419,473,309	782,267,009	125,246,498	-	-	782,267,009	125,246,498	35	30
Development Expenditure	**3,798,918,848**	**30,000,000**	**559,540,519**	-	-	-	**559,540,519**	-	**15**	-
Total										

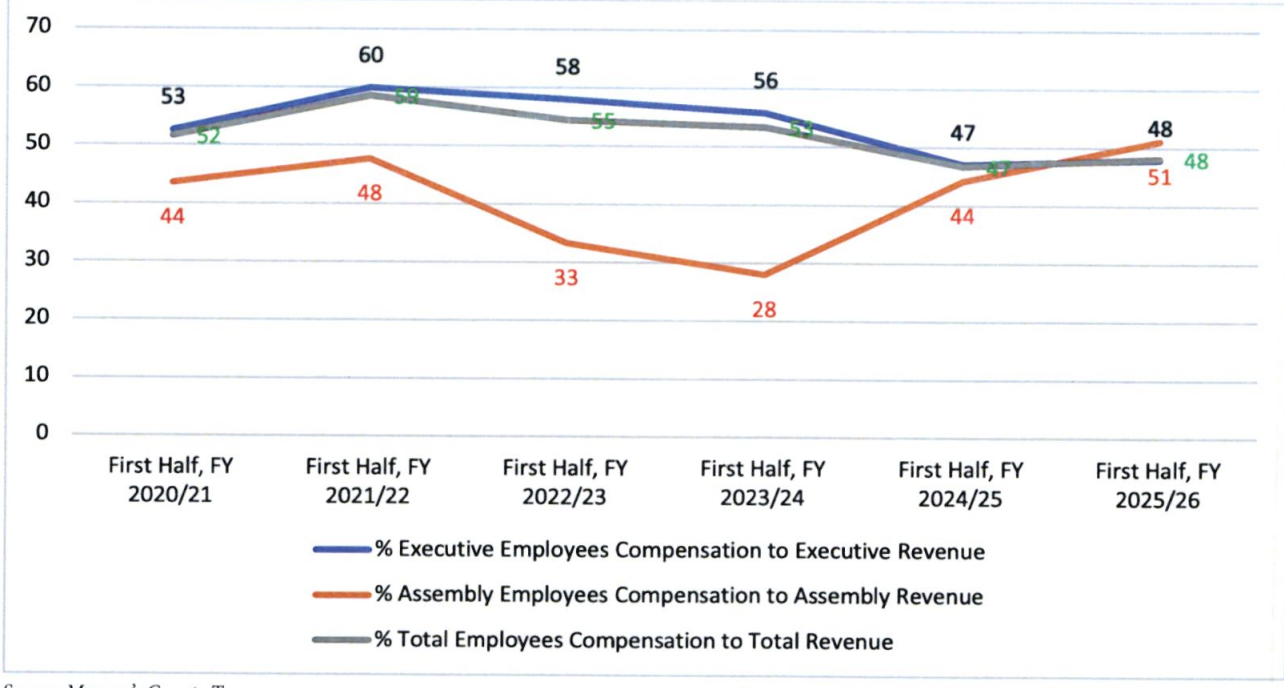
Source: Murang'a County Treasury

3.29.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.95 billion. The percentage of compensation of employees to the available revenue of Kshs.4.06 billion was 48 per cent. This expenditure on employee compensation has not changed compared to the Kshs.1.95 billion reported in a similar period in FY 2024/25. Of this total, Kshs.862.4 million related to Health Sector employees, accounting for 44 per cent of the overall employees' compensation.

Figure 173 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 173: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Murang'a County Treasury

Further analysis indicated that PE costs totalling Kshs.1.87 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.84.37 million was processed through manual payroll, which accounted for 4 per cent of the total PE cost. The justification for continuing manual payroll was the Directorate of Personnel Management's delay in integrating these officers into the unified payroll system.

The manual payroll comprised salaries for 33 staff not onboarded into the Human Resource Information System (HRIS), salaries for 5 casual staff, stipends for 259 interns, and stipends for approximately 2009 community health promoters, as shown in Table 3.434.

Table 3.434: Breakdown of Murang'a County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	26,134,917
2	Salaries for casual staff	888,175
3	Salaries for interns	27,568,425
4	Salaries for Community Health Promoters	29,775,000
	Total	84,366,517

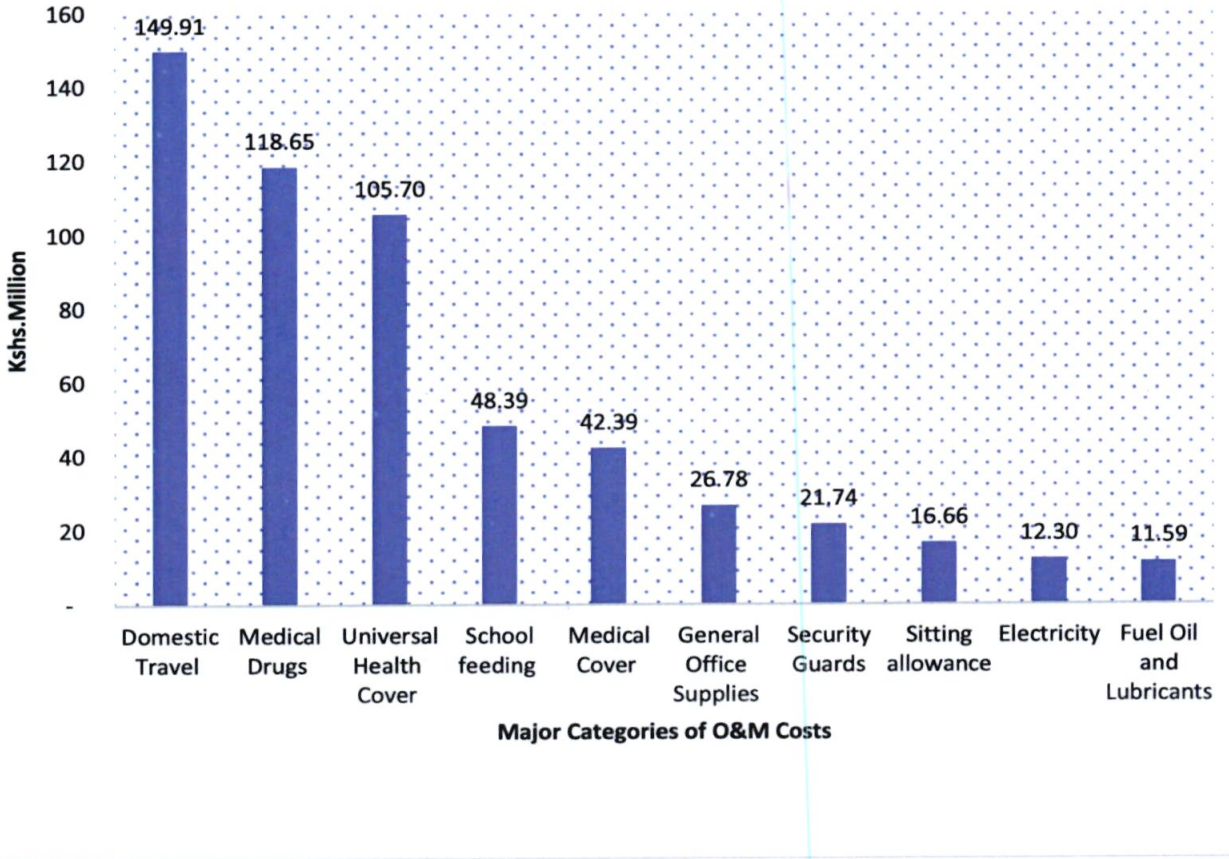
Source: Murang'a County Treasury

The County Assembly spent Kshs.16.66 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.38.94 million. The average monthly sitting allowance was Kshs.347,012 per MCA. The County Assembly has 21 House Committees.

3.29.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.907.51 million on operations and maintenance, representing an increase of 23.1 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.736.99 million.Figure 174 summarises the Operations and Maintenance expenditure by major categories.

Figure 174: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: *Muranga County Treasury*

The County's expenditure on operations and maintenance covered the costs of providing services to citizens. Domestic allowances spent Kshs.149.91 million, with the executive spending Kshs.55.21 million, and the county assembly spent Kshs.94.7 million.

The County Government has a universal health coverage program with the Social Health Authority, which covers 37,000 indigent and vulnerable families. The County spent Kshs.105.7 million on this cover.

3.29.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.611.5 million to County-Established funds in FY 2025/26, or 5 per cent of the County's overall budget. Further, the County allocated Kshs.30 million to the Emergency Fund (0.26 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.435 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.435: Performance of Murang'a County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Muranga County Scholarship Fund	2021	230,000,000	210,000,000	61,982,178	1,086,691,337	Yes
2	Emergency Fund	2023	30,000,000	3,000,000	3,000,000	46,000,000	Yes
3	Muranga County Youth Fund	2023	119,500,000	43,590,000	43,590,000	305,250,000	Yes
4	Agricultural Farm Input Subsidy Fund	2023	195,000,000	40,000,000	40,000,000	604,899,501	Yes

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
5	Muranga County Sports and Talent Fund	2025	37,000,000	-		35,082,400	Yes
		County Assembly Established Funds					
6	County Assembly Car and Mortgage Fund	2014	--	-	-	467,274,313	No
	Total		611,500,000	296,590,000	148,572,178	2,545,197,551	

Source: Muranga *County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the County Assembly Car and Mortgage Fund Administrators, as indicated in Table 3.435, contrary to the requirement of Section 168 of the PFM Act, 2012. All the funds of the County disclosed that the administration costs of the Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the County Assembly Car and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.29.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.149.91 million and comprised Kshs.94.7 million spent by the County Assembly and Kshs.55.21 million by the County Executive. During the period, the County Government, including the County Executive and the County Assembly, incurred no expenditure on foreign travel.

3.29.13 Facility Improvement Financing

During the review period, the County reported collections of Kshs.310.60 million as FIF, which was 53 per cent of the annual target of Kshs.588.10 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.321.75 million, as shown in Table 3.436.

Table 3.436: Muranga County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	190,202,391	186,679,512	98.1
2.	Level 4 Hospital	5	134,060,694	104,121,863	77.7
3.	Level 3 Facility	2	37,195,278	30,948,874	84.5
	Total		**361,458,363**	**321,750,249**	**89**

Source: *Muranga County Treasury*

3.29.14 Development Expenditure

In the review period, the County reported spending Kshs.559.54 million on development programmes, representing an increase of 22 per cent compared to FY 2024/25, when the County spent Kshs.456.41 million. Table 3:438 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to continued supervision and the completion of ongoing projects that extended beyond one fiscal year.

Table 3.437: Murang'a County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs. Mn)	Percentage (%) of Completion
County Funded Projects									
1	Roads	Roads Maintenance Levy Fund	County Wide	1/11/25	Ongoing	94.72	-	94.72	35
2	Agriculture, Livestock and Fisheries	Supply Maize Seeds to Farmers in Murang'a County under the Food Security Programme	County Wide	5/10/25	Ongoing	81	-	81,	50
3	Water, Irrigation, Environment and Natural Resources	Supply and installation of the last-mile water connectivity pipe	County wide	1/8/25	Ongoing	54.77	-	54.77	21
4	Sports, Youth, Culture, Gender and Social Services	Muranga Youth Service- Youth Empowerment	County wide	1/8/25	Ongoing	43.59	-	43.59	36
5	Agriculture, Livestock and Fisheries	Muranga County Agricultural Farm Inputs and Incentive Subsidy Fund to Operations Account	County Wide	1/8/25	Ongoing	40	-	40	21
6	Agriculture, Livestock and Fisheries	Supply Top Dressing and Planting Fertiliser to Farmers in Murang'a County under the Food Security Programme	Countywide	5/10/25	Ongoing	29	-	29	50
7	Health and Sanitation	Supply of medical products & technologies for telemedicine facilities under the Preventive and Promotive Healthcare Program	County wide	1/8/25	Ongoing	20.16	-	20.16	17
8	Roads	Supply and installation of cabro paving slabs at Karugia, Kairo and Kamacharia shopping centres	Mathioya Sub-County (Karugia, Kairo and Kamacharia Shopping centres)	1/2/25	31/08/2025	17.50	-	17.50	100
9	Roads	Supply and installation of cabro paving slabs at Gakurwe, Kenol and Ndunyu Chege shopping centres	Gakurwe- Kiru ward, Kenol, and Nduyu Chege	15/01/25	15/07/2025	15.18	-	15.18	100
10	Roads	Supply and installation of Cabro paving slabs at Ngonda shopping centres	Kigumo Sub-County	5/3/25	20/09/2025	9.30	-	9.30	100

Source: *Muranga County Treasury*

3.29.15 Budget Performance by Department

Table 3.438 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.438: Muranga County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship, County Coordination and Administration	314.08	10	128.60	-	128.60	-	100	-	40.9	-
Finance And Economic Planning	344.36	33	113.26	3	113.26	3	100	100	32.9	9.1
Agriculture, Livestock, and Fisheries	304.64	623.23	105.98	150	105.98	150	100	100	34.8	24.1
Energy Transport And Roads	36.35	1,427.41	8.18	265.14	8.18	265.14	100	100	22.5	18.6
Commerce, Trade, Industry, and Tourism	46.75	183	11.19	-	11.19	-	100	-	23.9	-
Education & Technical Training	715.32	36.50	424.69	-	424.69	-	100	-	59.4	-
Health And Sanitation	3,426.65	401.67	1,315.96	22.65	1,315.96	22.65	100	100	38.4	5.6
Lands, Housing & Physical Planning	52.06	17	4.94	-	4.94	-	100	-	9.5	-
County Public Service Board	28.84		9.63	-	9.63	-	100	-	33.4	-
Youth, Culture, Gender, Social Services & Special Programs	92.80	167.80	36.73	52.07	36.73	52.07	100	100	39.6	31
Environment, Natural Resources, Water and Irrigation	122.82	338.66	37.23	60.63	37.23	60.63	100	100	30.3	17.9
Public Service Administration & Information Technology	1,414.17	20	381.55	6.06	381.55	6.06	100	100	27	30.3
Murang'a Municipality	62.96	81	19.52	-	19.52	-	100	-	31	-
Kenol Municipality	26.55	73.25	1.13	-	1.13	-	100	-	4.3	-
Kangari Municipality	26.05	10.50	0.51	-	0.51	-	100	-	2	-
Devolution and External Linkages	56.70	375.90	6.43	-	6.43	-	100	-	11.3	-
County Assembly	816.71	30	256.48		256.48		100	-	31.4	-
Total	7,887.83	3,828.92	2,862.01	559.54	2,862.01	559.54	100	100	36.3	14.6

Source: *Muranga County Treasury*

Analysis of departmental expenditure shows that the Department of Public Service and ICT recorded the highest absorption rate of the development budget at 30.3 per cent, followed by the Department of Youth and Sports at 31 per cent. The Department of Education and Technical Training had the highest recurrent expenditure-to-budget ratio at 59.4 per cent, while Kangari Municipality had the lowest at 2 per cent.

3.29.16 Budget Execution by Programmes and Sub-Programmes

Table 3.439 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.439: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub- Programme	BUDGET 2025-2026		Actual Payments of FY 2025-26 (Ksh)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Governorship, County Coordination, and Administration							
County Co-ordination	Office Administration and Support Services	58,200,000	-	38,062,905	-	65	-
Administration and Support	County Executive and Coordination	168,824,209	-	74,354,335	-	44	-
Sub Total		**227,024,209**	**-**	**112,417,240**	**-**	**50**	
Agriculture, Livestock, and Fisheries							
	Agricultural Subsidy-Mangoes and Milk	-	197,399,127	-	40,000,000	-	-
	Promoting Food Security	2,730,000	230,500,000	-	110,000,000	-	48
Sub Total		**2,730,000**	**427,899,127**	**-**	**150,000,000**	**-**	**35**
Energy Transport And Roads							
	Roads Development	21,461,535	270,941,894	7,038,850	94,718,150	33	35
Sub Total		**21,461,535**	**270,941,894**	**7,038,850**	**94,718,150**	**33**	**35**
Commerce, Trade, Industry, and Tourism							
Education & Technical Training							
ECDE Programme	Early Childhood Development Education	122,500,000	-	54,571,584	-	45	-
Motivation and Support	Education Intervention	235,000,000	-	215,000,000	-	91	-
Administration and Support	General Administration, Planning, and Support Services	351,823,424	-	153,659,283	-	44	-
Sub Total		**709,323,424**	**-**	**423,230,867**	**-**	**60**	
Health And Sanitation							
Curative Program	Free Primary Healthcare	798,500,000	110,000,000	200,816,079	-	25	-
Administration and Support	General Administration, Planning, and Support Services	2,624,145,088	105,488,327	1,115,142,757	2,490,272	42	2
Sub Total		**3,422,645,088**	**215,488,327**	**1,315,958,836**	**2,490,272**	**38**	**6**
Youth, Culture, Gender, Social Services & Special Programs							
General Administration and Support	General Administration, Planning, and Support Services	52,321,223	-	23,214,543	-	44	-
	Muranga Youth Service-Youth Empowerment	1,365,000	119,500,000	-	43,590,000	-	36
	Community Sports and Talents	-	37,000,000	-	8,475,992	-	23
Sport Development Programme	Sport Development Programme	24,305,000	-	11,996,410	-	49	-
Sub Total		**77,991,223**	**156,500,000**	**35,210,953**	**52,065,992**	**45**	**33**
Environment, Natural Resources, Water and Irrigation							
FlloCA	Climate Change	-	266,459,226	-	57,639,022	-	22

Programme	Sub- Programme	BUDGET 2025-2026		Actual Payments of FY 2025-26 (Ksh)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub Total		-	**266,459,226**	-	**57,639,022**	-	**22**
Public Service Administration					-	-	-
ICT Program	Automation	-	20,000,000	-	6,055,200	-	30
Sub Total		-	**20,000,000**	-	**6,055,200**	-	**30**
County Assembly							
Legislation and representation	Legislation and representation	354,990,711	-	106,749,783.15	-	30	-
Oversight	Oversight	192,243,121	-	55,042,452	-	29	-
Administration planning and support	Administration planning and support	269,477,115	30,000,000	94,691,866.85	-	35	-
Sub Total		**816,710,947**	**30,000,000**	-	-	-	-
Grand Total		5,277,886,426	1,387,288,574	1,893,856,746	362,968,636	36	26

Source: *Muranga County Treasury*

The development sub-programmes with the highest budget implementation rates were the promotion of food security in the Department of Agriculture (48 per cent), Youth Empowerment in the Department of Youth and Sports (36 per cent), and Road development in the Department of Roads (35 per cent). For recurrent sub-programmes, the top performers were Education interventions in the Department of Education and Technical Training at 91 per cent, office administration and support in the Department of Administration at 65 per cent, Sports development in the Department of Youth and Sports at 49 per cent, and administration and support at the County Assembly at 35 per cent. Their higher performance is attributed to the fact that they did not face any procurement hurdles, and their implementation was not affected by the procurement challenges experienced at the beginning of the current fiscal year.

3.29.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated Sixteen (16) accounts in commercial banks, including eight (8 accounts for Health Facilities, four (4) accounts for Established Funds, one (1) revenue account, one (1) Standing imprest account and two (2) special-purpose accounts for County Government additional allocations.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening the 16 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.29.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Murang'a County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.506.0 million against an annual target of Kshs.1,606.67 million, representing 31 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.559.54 million on development activities, achieving a 14.6 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the County Assembly Car and Mortgage Fund had lapsed, making them ineligible for further withdrawals.
iv. High level of trade payables, which amounted to Kshs.951.76 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.84.37 million for 33 staff not onboarded into HRIS, 5 casual staff and 259 Interns were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.30. County Government of Nairobi City

3.30.1 Overview of FY 2025/26 Budget

The Nairobi City County Approved Budget for FY 2025/26 is Kshs.44.62 billion. It comprises Kshs.13.42 billion (30 per cent) and Kshs.31.2 billion 70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.06 billion (2 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.14.26 billion and a recurrent budget of Kshs.29.3 billion.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.21.42 billion (48 per cent), additional allocations of Kshs.625.84 million (1 per cent), a cash balance of Kshs.1 billion (2 per cent) brought forward from FY 2024/25, and Kshs.21.58 billion (48 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3:441.

3.30.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.14.92 billion. This amount represented an increase of 2 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.14.67 billion. The total revenue consisted of Kshs.8.89 billion from the equitable share of revenue raised nationally and own-source revenue (OSR) collection of Kshs.5.31 billion. Additionally, the County had a cash balance of Kshs.719.85 million from FY 2024/25. The total OSR collection of Kshs.5.31 billion included Facilities Improvement Financing (FIF) of Kshs.828.22 million, Liquor licensing Kshs.85.13

million and Kshs.4.4 billion from other OSR sources. No additional allocations from the National Government and development partners were received. Table 3.440 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.440: Nairobi City County, Revenue Performance in the First Half of FY 2025/26

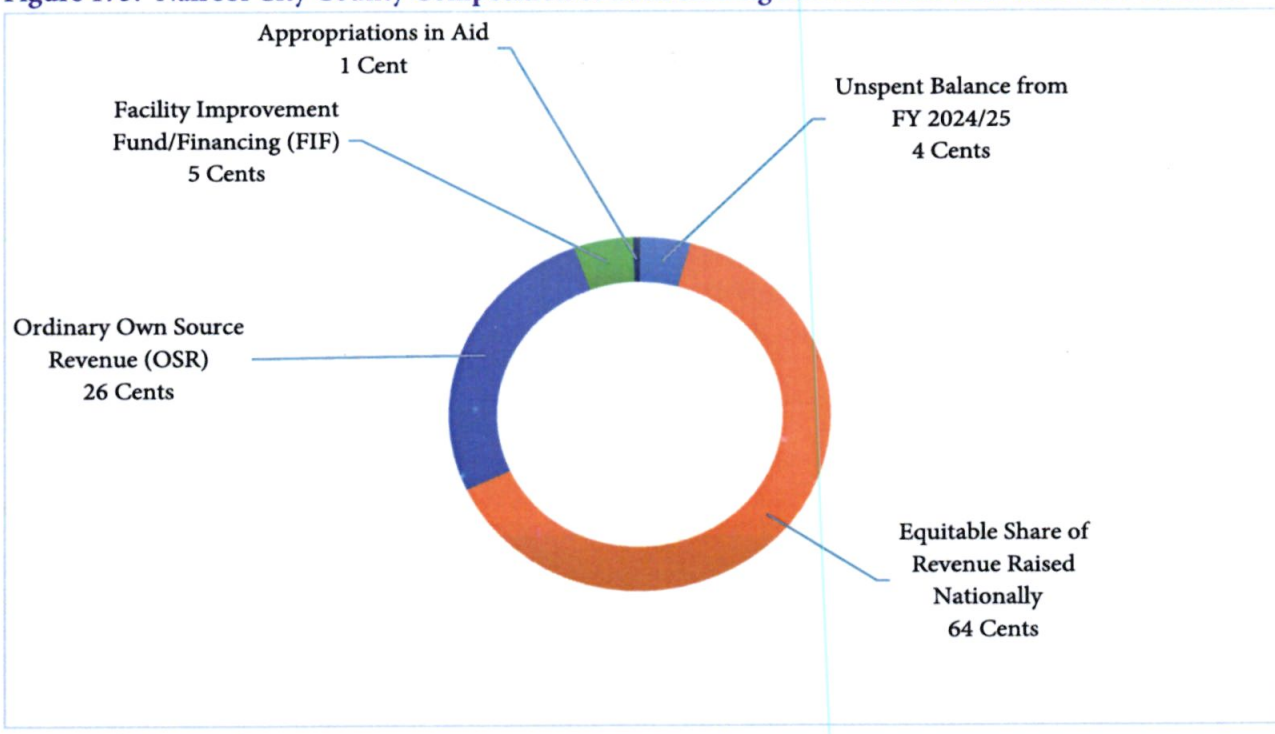
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	1,000,000,000	719,846,602	-	719,846,602	280,153,398
	Sub-Total	**1,000,000,000**	**719,846,602**	-	**719,846,602**	**280,153,398**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	21,417,000,000	8,888,108,284	1,713,370,272	10,601,478,556	10,815,521,444
	Sub-Total	**21,417,000,000**	**8,888,108,284**	**1,713,370,272**	**10,601,478,556**	**10,815,521,444**
C	**Transfers from the Equalisation Fund**					
1		-			-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	IDA Credit--Second Kenya Devolution Support Programme KDSP II	390,000,000	-	-	-	390,000,000
2	DANIDA Grant-Primary Health Care in a Devolved Context	35,838,750	-	-	-	35,838,750
3	World Bank -Kenya Informal Settlement Improvement Project II	200,000,000	-	-	-	200,000,000
	Sub-Total	**625,838,750**	-	-	-	**625,838,750**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates	6,750,000,000	706,414,871	-	706,414,871	6,043,585,129
2	Parking fees (total)	3,000,000,000	823,949,508	-	823,949,508	2,176,050,492
3	Unified/Single Business Permits	3,200,000,000	709,198,167	-	709,198,167	2,490,801,833
4	Plans and Inspections (Building Permits)	3,070,500,000	827,702,148	-	827,702,148	2,242,797,852
5	Billboards and advertisements	1,212,000,000	307,521,575	-	307,521,575	904,478,425
6	House Rents	606,000,000	322,969,558	-	322,969,558	283,030,442
7	Fire Inspection Certificates	36,360,000	909,000	-	909,000	35,451,000
8	Food Handlers Certificates	303,000,000	53,609,481	-	53,609,481	249,390,519
9	Markets	565,600,000	107,754,504	-	107,754,504	457,845,496
10	Other Incomes	1,198,590,589	536,914,961	-	536,914,961	661,675,628
	Sub-Total	**19,942,050,589**	**4,396,943,772**	-	**4,396,943,772**	**15,545,106,817**
F	**Facility Improvement Fund/Financing (FIF)**					
1	Hospitals Facilities Improvement Fund	1,200,000,000	828,224,389	-	828,224,389	371,775,611
2	Nairobi Funeral Home	36,000,000	-	-	-	36,000,000
	Sub-Total	**1,236,000,000**	**828,224,389**	-	**828,224,389**	**407,775,611**
G	**Appropriations in Aid**					
1	Appropriation in Aid (AIA) - Liquor fee	400,000,000	85,128,942		85,128,942	314,871,058
	Sub-Total	**400,000,000**	**85,128,942**	-	**85,128,942**	314,871,058
	Grand Total	**44,620,889,339**	**14,918,251,989**	**1,713,370,272**	**16,631,622,261**	**27,989,267,078**

Source: *Nairobi City County Treasury*

The County has governing legislation regarding the operation of ordinary A-I-A and F.I.F., as outlined in the Liquor Act and the Health Act, respectively. Figure 1 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 175 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 175: Nairobi City County Composition of Each Shilling Earned in the First Half of FY 2025/26

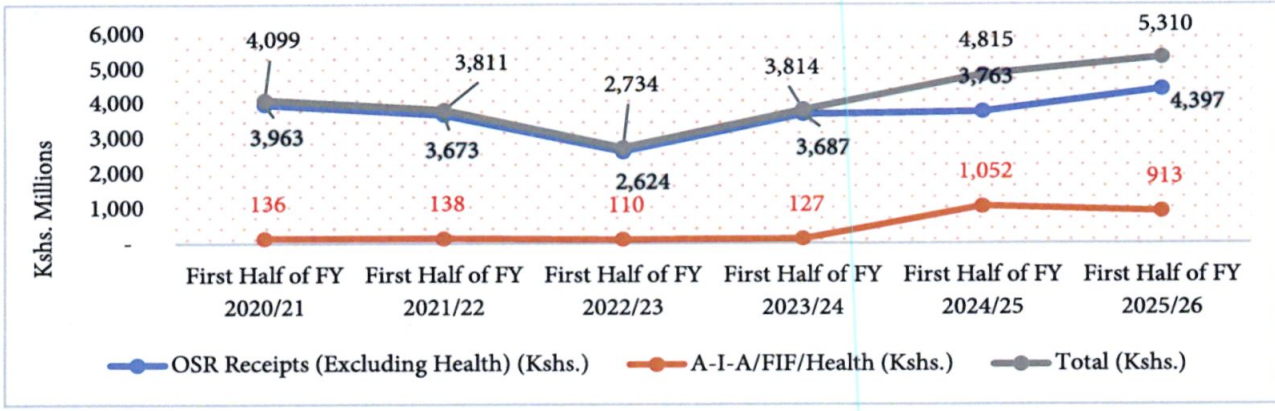


Source: *Nairobi City County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 64 per cent, 26 per cent and 5 per cent, respectively, of the total receipts for the reporting period.

Figure 176 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 176: Nairobi City County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

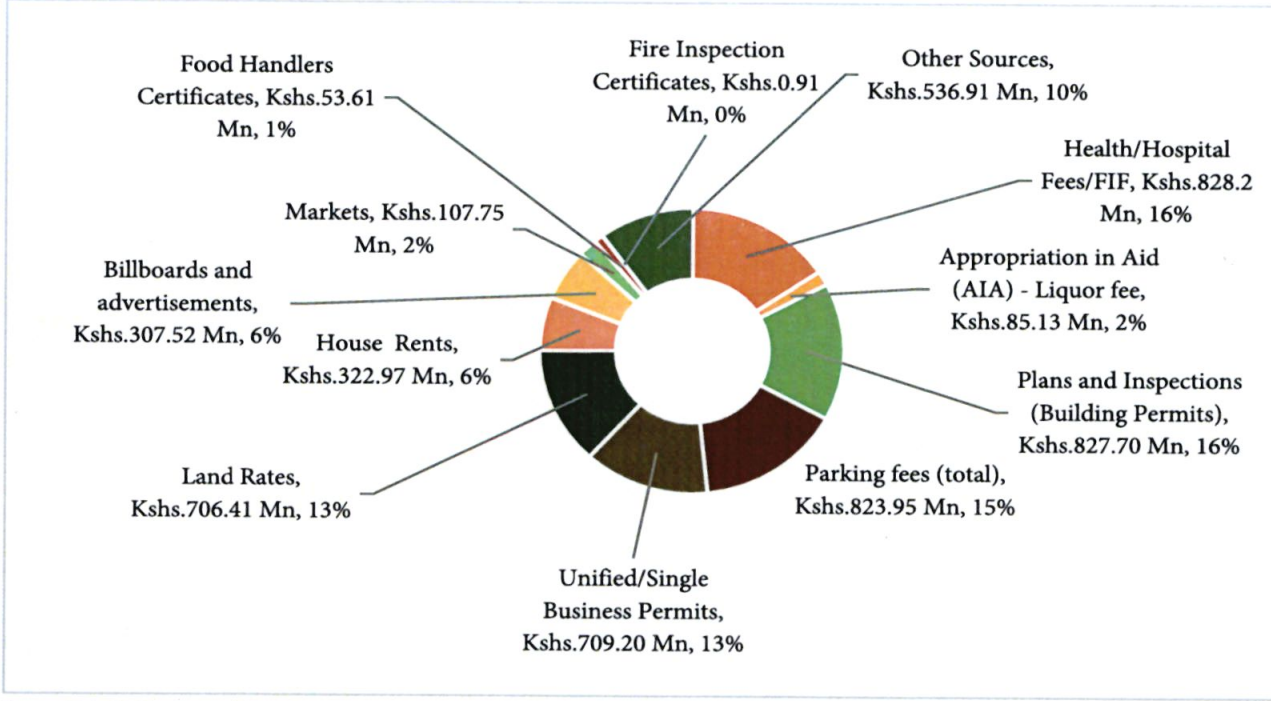


Source: *Nairobi City County Treasury*

During the first half of FY 2025/26, the County received Kshs.5.31 billion from OSR, including FIF. This amount was an increase of 10 per cent compared to Kshs.4.82 billion realised in a similar period in FY 2024/25, and was 25 per cent of the annual target and 60 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 177

Figure 177: Nairobi City County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Nairobi City County Treasury

As shown in Figure 177 the highest revenue stream, at Kshs.827.7 million, was from plans and inspections, accounting for 16 per cent of the total OSR receipts. The County Government has automated all the revenue streams except F.I.F.

3.30.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.64.45 billion, which increased to Kshs.65.39 billion as of 31st December 2025. Table 3.441 presents a breakdown of the County's revenue arrears.

Table 3.441: Nairobi City County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December	-	-	-	1,713,370,272	1,713,370,272
	Sub-Total	-	-	-	1,713,370,272	1,713,370,272
B	**Ordinary Own Sources of Revenue**					-
1	Sundry debtors	721,767,006	-	-	-	721,767,006
2	Rental houses/market stalls	483,142,011	-	194,815,971	-	288,326,040
3	Land rates	55,720,043,010	-	319,985,196	-	55,400,057,814
4	Loading zones-private	8,240,000	-		-	8,240,000
5	Loading zones-GOK	755,570,800	-	-	-	755,570,800
6	Outdoor advertisements& bill-boards	606,198,621	-	238,016,551	-	368,182,070
7	Way leaves-others	510,656,450	-	25,228,230	-	485,428,220
8	Way leaves-KPLC	5,645,001,600	201,600	-	-	5,644,800,000
	Sub-Total	**64,450,619,498**	**201,600**	**778,045,948**	-	**63,672,371,950**
	Total	64,450,619,498	201,600	778,045,948	1,713,370,272	65,385,742,222

Source: Nairobi *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.65.39 billion. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include;

1. Land Rates

Data cleansing to establish clear ownership, property locations, and debts, eliminate ghost and duplicate entries, and issue demand notices to all defaulters, and provide flexible repayment options for compliant taxpayers. For persistent cases, the County will enforce the National Rating Act by issuing agency notices to banks, filing property liens, and imposing penalties, ensuring no transfers or transactions are cleared without settlement.

2. House Rents

The County plans to digitise all tenancy records to identify arrears per unit and eliminate ghost occupants. Verified tenants will receive demand notices, while eviction or auction procedures will be enforced on chronic defaulters. At the same time, flexible repayment plans will facilitate compliance. With improved tenant accountability and updated rent registers, the County can recover significant arrears while aligning rental income with current market values.

3. Advertisements & Billboards

The county plans to fully digitise outdoor advertising through GIS mapping of all billboards and signage, linked to permits and payment records. Defaulters will receive demand notices, and persistent non-payers will face takedowns or penalties. Partnering with advertising agencies under enforceable contracts will increase compliance. The County will also issue agency notices to enforce compliance.

3.30.4 Borrowing by the County

At the beginning of the FY 2025/26, the County Assembly had an outstanding balance from Family Bank of Kshs.243.75 million. During the reporting period, it borrowed an additional Kshs.114.76 million from Family Bank to support its operations. The Assembly had not repaid the loan; therefore, by 31 December 2025, the total amount borrowed from Family Bank was Kshs.358.51 million. In addition, the County Assembly has an overdraft facility with Co-operative Bank of Kenya Limited to cover its net personnel emoluments, which average Kshs.35.28 million per month, and by 31st December 2025, it had an overdraft balance of Kshs.35.28 million.

On the other hand, the County Executive has a bank overdraft facility with Sidian Bank of Kenya Limited to cover its personnel emoluments, which average Kshs.1.6 billion per month and by 31 December 2025, it had an overdraft balance of Kshs.1.54 billion. The County also has an outstanding Co-operative Bank Kenya overdraft facility of Kshs.358.91million.

Additionally, the County has a long-standing KCB loan of Kshs.4,504,199,426 (secured in 2010 during the defunct Nairobi City Council), which is listed in the trade payables.

3.30.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.13.87 billion from the Nairobi City County Revenue Fund (CRF) account. This amount consisted of Kshs.567.47 million (4 per cent) designated for development programs and Kshs.13.31 billion (96 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.10.04 billion was allocated for employee compensation, and Kshs.3.26 billion for operations and maintenance expenditures. Within the operations and maintenance category, 4 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequers totalled Kshs.121.43 million, including Kshs.60.69 million for the County Executive and Kshs.60.74 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.53.97 million, with Kshs.53.97 million for the County Executive, while the County Assembly did not make an exchequer request.

As of December 31, 2025, the County Government's cash balance in the Nairobi City County CRF account was Kshs.7.7 million.

The Controller of Budget did not approve any exchequer withdrawal requests from the Nairobi City County Assembly Fund (CAF) account during the review period, as it was non-operational.

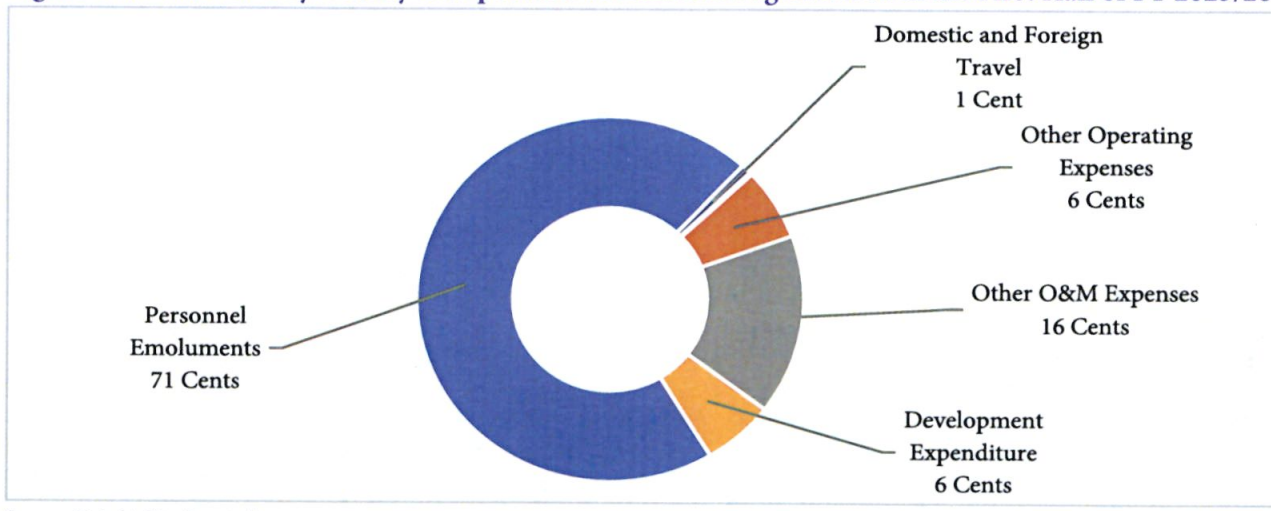
3.30.6 Expenditure Review

The County spent Kshs.14.21 billion on development and recurrent programmes during the reporting period. The expenditure represented 103 per cent of the total funds released by the CoB. The increases are attributed to Additional Allocations that were not

banked into the CRF at the end of the FY 2024/25. It comprised Kshs.859.4 million for development programmes and Kshs.13.36 billion for recurrent programmes. Expenditure on development programmes accounted for 6 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 43 per cent of the annual recurrent expenditure budget.

Figure 178 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 178: Nairobi City County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Nairobi City *County Treasury*

As shown in Figure 178, the three highest expenditure categories were personnel emoluments, Other O&M expenses, and Other Operating Expenses, contributing 71, 16, and 6 per cent, respectively, of total expenditure for the reporting period.

3.30.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.86.77 billion. This amount included Kshs.86.12 billion from the County Executive and Kshs.650.6 million from the County Assembly. The trade payables from the County Executive consisted of Kshs.78.95 billion for recurrent expenditures and Kshs.7.17 billion for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.6.73 billion, comprising Kshs.6.29 billion (94 per cent) for recurrent programmes and Kshs.431.51 million (6 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables. The outstanding trade payables as of 31st December 2025 were Kshs.79.39 billion for County Executive and Kshs.650.6 million for County Assembly. Table 3.442 provides additional details of trade payables.

Table 3.442: Nairobi City County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	7,169,429,964	78,949,124,773	86,118,554,737
	County Assembly	-	650,598,395	650,598,395
	Total	7,169,429,964	79,599,723,169	86,769,153,132
Amount paid in FY 2025/26	County Executive	431,505,371	6,294,859,983	6,726,365,354
	County Assembly	-	-	-
	Total	431,505,371	6,294,859,983	6,726,365,354
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	6,737,924,593	72,654,264,791	79,392,189,383
	County Assembly	-	650,598,395	650,598,395
	Total	**6,737,924,593**	**73,304,863,186**	**80,042,787,779**

Source Nairobi City *County Treasury and County Assembly*

The County Executive submitted a generalised universal payment plan, and the County Assembly submitted a detailed trade payables payment plan, committing to pay Kshs.8.84 billion and Kshs.650.6 million, respectively, in FY 2025/26. The County executive and County Assembly did not adhere to their payment plan, as it cleared Kshs.6.73 billion and nil respectively.

Table 3.443 and Table 3.444 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.80.04 billion.

Table 3.443: Nairobi City County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	1,783,485,917	958,885,487	980,718,493	3,014,834,695	6,737,924,593
Recurrent Trade Payables (Goods & Services)	6,442,550,148	2,741,339,964	6,223,703,266	17,107,289,346	32,514,882,724
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	93,834,138	-	-	38,651,843,232	38,745,677,369
Recurrent Trade Payables (Staff Claims)	658,136,134	179,289,651	11,046,778	545,232,135	1,393,704,698
Recurrent Trade Payables	7,194,520,419	2,920,629,615	6,234,750,044	56,304,364,713	72,654,264,791
Executive Trade Payables	8,978,006,336	3,879,515,102	7,215,468,537	59,319,199,408	79,392,189,383
% of Executive Trade Payables	11	5	9	75	100

***Source**: Nairobi City County Treasury*

Table 3.444: Nairobi City County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade payables	-	-	-	-	-
Recurrent Trade payables (Goods & Services)	280,889,079	38,855,954	24,310,520	-	**344,055,553**
Recurrent Trade payables (Salary Arrears and Statutory Deductions)	17,099,796	10,478,398	-	-	**27,578,194**
Recurrent Trade payables (Staff Claims)	121,861,481	157,103,167	-	-	**278,964,648**
Total Recurrent Trade payables	419,850,356	206,437,519	24,310,520	-	650,598,394
Total Trade payables	**419,850,356**	**206,437,519**	**24,310,520**	-	**650,598,395**
% of Total	**65**	**32**	**4**	-	

***Source**: Nairobi City County Assembly*

3.30.8 Expenditure by Economic Classification

The County Executive incurred Kshs.9.65 billion on compensation of employees, Kshs.3.22 billion on operations and maintenance, and Kshs.827.25 million on development activities. Similarly, the County Assembly spent Kshs.392.84 million on compensation of employees, Kshs.89.62 million on operations and maintenance, and Kshs.32.15 million on development activities, as shown in Table 3.445.

Table 3.445: Nairobi City County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive					
Recurrent	**29,564,279,609**	**12,872,724,217**	-	**12,872,724,217**	**44**
Compensation to Employees	16,578,479,703	9,651,764,562	-	9,651,764,562	58
Operations & Maintenance	12,985,799,906	3,220,959,655	-	3,220,959,655	25

Expenditure Classification	Approved Budget (Kshs.) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
Development	**12,417,700,220**	**827,247,176**	-	827,247,176	7
Executive Sub-total	**41,981,979,829**	**13,699,971,393**	-	**13,699,971,393**	**33**
County Assembly					
Recurrent	**1,638,909,510**	**482,460,879**	-	**482,460,879**	**29**
Compensation to Employees	1,010,664,541	392,837,238	-	392,837,238	39
Operations & Maintenance	628,244,969	89,623,641	-	89,623,641	14
Development	**1,000,000,000**	**32,149,967**	-	32,149,967	**3**
Assembly Sub-total	**2,638,909,510**	**514,610,846**	-	**514,610,846**	**20**
Combined County Totals					
Total Recurrent	**31,203,189,119**	**13,355,185,096**	-	**13,355,185,096**	**43**
Compensation to Employees	17,589,144,244	10,044,601,800	-	10,044,601,800	57
Operations & Maintenance	13,614,044,875	3,310,583,296	-	3,310,583,296	24
Total Development	**13,417,700,220**	**859,397,143**	-	859,397,143	**6**
Grand Total	44,620,889,339	14,214,582,239	-	14,214,582,239	32

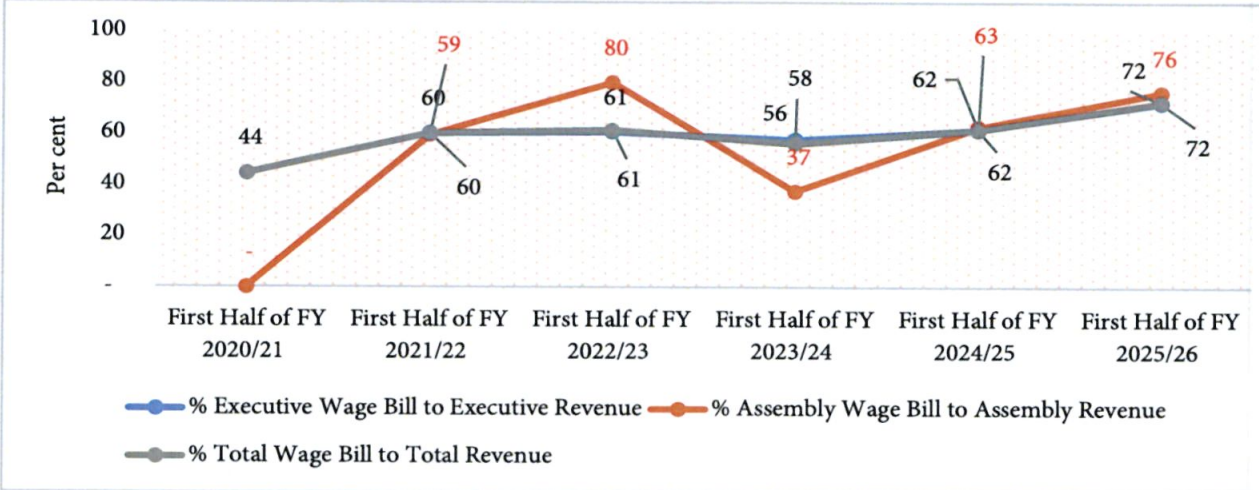
Source: *Nairobi City County Treasury and County Assembly*

3.30.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.10.04 billion. The compensation-to-revenue ratio was 72 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.9.03 billion reported in a similar period in FY 2024/25. Of this total, Kshs.4.21 billion is related to Health Sector employees, accounting for 42 per cent of the overall employees' compensation

Figure 179 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 179: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Nairobi City County Treasury

Further analysis indicated that PE costs totalling Kshs.9.74 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.303.23 million was processed through manual payroll, accounting for 3 per cent of the total PE cost. The justification for continuing manual payroll was that the affected staff were casuals engaged on a short-term basis.

The manual payroll comprised salaries for Community Health Workers, staff not onboarded to the Human Resource Information System (HRIS), casual staff, top-up, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.446

Table 3.446: Breakdown of Nairobi City County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	-	59,290,849	**59,290,849**
Salaries for casual staff	13,687,418	-	**13,687,418**
PE advance fee and commissions	51,223,019	-	**51,223,019**
LAPTRUST/LAPFUND Pension Contributions	-	21,246,150	**21,246,150**
Community Health Workers	157,780,000	-	**157,780,000**
Total	**222,690,437**	**80,536,999**	**303,227,436**

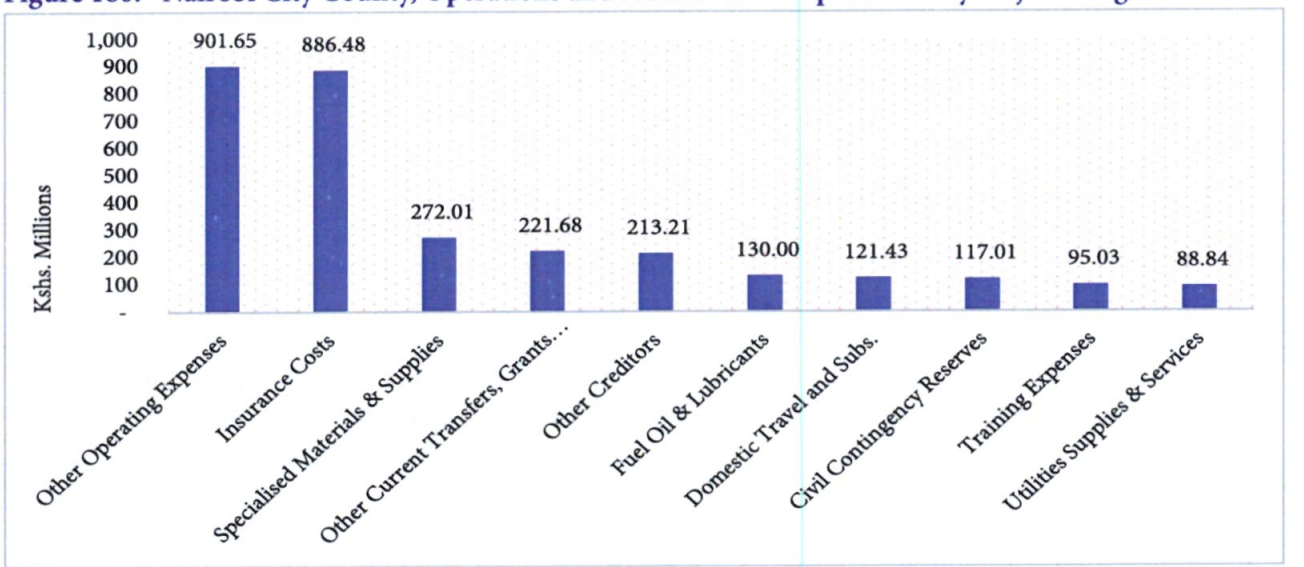
Source: Nairobi City County Treasury

The County Assembly spent Kshs.26.25 million on committee sitting allowances for the 123 MCAs and the speaker against the annual budget allocation of Kshs.70 million. The average monthly sitting allowance was Kshs.35,282 per MCA. The County Assembly has 26 House Committees.

3.30.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.3.31 billion on operations and maintenance, representing a decrease of 13 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.3.79 billion. Figure 180 summarises the Operations and Maintenance expenditure by major categories.

Figure 180: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: *Nairobi City County Treasury*

3.30.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.901.65 million on "*other ooperating expenses*," which is 27 per cent of the total operations and maintenance expenditure of Kshs.3.31 billion. This category of expenditure includes Kshs.457.85 million for garbage collection, Kshs.146.16 million for legal fees and compensation payments and Kshs.143.26 for Management fees (Bank charges, commission, penalties and interest). A summary disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.447.

Table 3.447: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted guards and cleaning services - solid waste management	639,164,529	457,851,715
2211308	Legal Dues/Fees, Arbitration and compensation payments	264,331,204	146,159,428
2211309	Management fees (Bank charges, commission, penalties and interest)	500,000,000	143,263,875
2211322	Binding of records	31,589,961	23,335,000
	Total	**1,435,085,694**	**770,610,018**

Source: *Nairobi City County Treasury*

3.30.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. In FY 2025/26, the County allocated Kshs.70 million to County-established funds, representing 0.3 per cent of the County's overall budget. Furthermore, the County allocated Kshs.150 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.448 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.448: Performance of Nairobi City County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund since inception (Kshs)	Submission of Annual Financial Statements (Yes/No)
	County Assembly Established Funds					
1.	Car Loan & Mortgage – County Assembly	70,000,000	-	-	1,016,000,000	Yes
	Total	**70,000,000**	**-**	**-**	**1,016,000,000**	

Source: *Nairobi City County Treasury*

During the reporting period, the CoB received quarterly financial reports from Car Loan & Mortgage – Assembly. The administration costs of the Car Loan & Mortgage – County Assembly Fund were Kshs.4,317,876 translating to 0.4 per cent, which was below the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulation 2015.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allow County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly.The lifespan of the County Assembly Car Loan & Mortgage Fund will lapse in the financial year 2026/27.

3.30.13 County Corporations

The County has one corporation: Nairobi Water and Sewerage Company, which operates independently. In FY 2025/26, the County did not allocate funds to this Corporation as shown in Table 3.449.

Table 3.449: Performance of Nairobi City County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Nairobi Water and Sewerage Company	No allocation	No allocation	No allocation	No allocation
	Total				

Source: *Nairobi City County Treasury*

3.30.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.121.43 million and comprised Kshs.60.74 million spent by the County Assembly and Kshs.60.67 million by the County Executive. Expenditure on foreign travel amounted to Kshs.53.97 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.450.

Table 3.450: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
Boroughs and Public Administration	4	20-27 Sep. 2025	80th UNGA	New York - USA	8,731,020	-	8,731,020
Finance/Environment/Business Hustler	8	30 Sep. - 3 Oct. 2025	Sustainable finance summit	Geneva - Switzerland	19,495,260	-	19,495,260

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
Boroughs and Public Administration	2	15-20 Sep. 2025	Brics Urban Future Forum meeting	Russia	4,145,550	-	4,145,550
Boroughs and Public Administration	2	08-11 Sep. 2025	The 25th Citif	The Fujian Province - China	4,341,450	-	4,341,450
Boroughs and Public Administration (should be combined with row 1 as they relate)	5	20-27 Sep. 2025	80th UNGA	New York - USA	9,347,610	-	9,347,610
Business & Hustler Opportunities	6	28 Sep - 4 Oct. 2025	Sustainable finance summit	Geneva - Switzerland	16,878,720	-	16,878,720
Boroughs and Public Administration	5	2-8 Oct. 2025	Mayors Meeting	Geneva - Switzerland	15,223,840	-	15,223,840

Source: Nairobi City County Treasury

3.30.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.828.22 million as FIF, which was 67 per cent of the annual target of Kshs.1.24 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.951.56 million, as shown in Table 3.451.

Table 3.451: Nairobi City County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	4	1,370,620,947	458,045,790	33
2.	Level 4 Hospital	12	183,900,261	120,376,670	65
3.	Level 3 Facility	43	806,339,283	373,135,266	46
	Total		2,360,860,491	951,557,726	40.31

Source: *Nairobi City County Treasury*

3.30.16 Development Expenditure

In the review period, the County reported spending Kshs.859.4 million on development programmes, representing a decrease of 0.3 per cent compared to FY 2024/25, when the County spent Kshs.861.57 million. Table 3.452 summarises the development projects with the highest expenditure in the reporting period.

Table 3.452: Nairobi City County, List of Development Projects with the Highest Expenditure

	Sector	Project Name	Location	Commencement Date	Exp Date of Completion	Contract Sum (Kshs)	Total Funding in FY 2025/2026	Cumulative Expenditure on an Accrual Basis	Percentage Completion
1	Ward Development Programs	Rehabilitation and improvement of Chairman's Road within Kware Ward	Kware Ward	12/05/2023	12/11/2023	16,234,6640	12,117,2940	12,117,2940	70
2		Rehabilitation of Mungetho Pam-Baraka link road in Mowlem ward	Mowlem Ward	25/04/2024	25/10/2024	22,913,4800	22,839,097.400	22,839,097.400	100
3		Rehabilitation of Nyuki close in Ziwani ward	Ziwani Ward	10/09/2024	10/03/2025	22,678,0000	22,617,810.500	22,617,810.500	100

	Sector	Project Name	Location	Commencement Date	Exp Date of Completion	Contract Sum (Kshs)	Total Funding in FY 2025/2026	Cumulative Expenditure on an Accrual Basis	Percentage Completion
3		Construction of Paradise Mandazi road to the hand packing base in Viwandani ward	Viwandani Ward	21/05/2024	21/11/2024	22,605,729.100	16,376,976.200	16,376,976.200	80
4		Construction of Olympic Estate access Road within Sarangombe Ward	Sarangombe Ward	03/06/2024	03/12/2024	22,916,983.200	19,774,711.400	19,774,711.400	100
5		Upgrading and drainage improvement of the access road within the Kongo area of Kahawa ward	Kahawa Ward	03/06/2024	03/12/2024	22,398,869.200	15,035,4560	15,035,4560	70
6		Construction and drainage improvement in the Utalii area	Utalii Ward	02/12/2024	02/06/2025	16,984,7200	16,981,6200	16,981,6200	100
7		Construction of double box culvert in Sura studio- Gatuekere landi ward	Lindi Ward	04/07/2024	04/01/2025	21,992,7560	19,345,0300	19,345,0300	100
8		Rehabilitation of Githori Parklands Highridge	Parklands Ward	27/12/2024	27/05/2025	22,850,3760	22,752,175.050	22,752,175.050	100
9		Construction of containerised kiosks in Baba Dogo ward	Baba Dogo Ward	22/11/2024	14/03/2025	16,992,3150	14,853,9400	14,853,9400	100
10		Proposed rehabilitation of the Amref playground in Laini Saba	Laini Saba	13/07/2023	12/11/2023	16,943,7950	9,187,7220	9,187,7220	80
11		Construction of Facebook-Mungai road in Gatina ward, phase 2 retender	Gatina Ward	07/08/2024	07/02/2025	22,984,918.600	22,924,569.600	22,924,569.600	100
12		Construction and drainage improvement of the Kosoro Joy Villa school and Shallom Court, Kwa Chief	Dandora Iii Ward	24/10/2023	24/04/2024	17,660,1880	17,246,751.950	17,246,751.950	100
Ward Development Programs						**266,156,794**	**232,053,154**	**232,053,154**	
1	Environment, Water, Energy & Natural Resources	Medium Sized (2No) Dozers With Rippers (220HP)	City Hall	Continuous	30th June 2025	Frame work	75,169,000	75,169,000	100
2	Environment, Water, Energy & Natural Resources	Medium Sized (2No) Dozers With Rippers (220HP)	City Hall	Continuous	30th June 2025	Frame work	75,169,000	75,169,000	100
3	Mobility and Works	Supply and delivery of Bitumen	County wide	Continuous	30th June 2025	Frame work	51,846,000	51,846,000	100
4	Mobility and Works	Supply and delivery of concrete culverts	County wide	LPO	30th June 2025	41,660,600	41,660,600	41,660,600	100

	Sector	Project Name	Location	Commencement Date	Exp Date of Completion	Contract Sum (Kshs)	Total Funding in FY 2025/2026	Cumulative Expenditure on an Accrual Basis	Percentage Completion
5	Environment, Water, Energy & Natural Resources	Supply and delivery of litre bins (Part payment)	County wide	LPO	30th June 2025	79,200,000	39,600,000	39,600,000	50
County Assembly Funded Projects									
1	Office of the Clerk	Refurbishing and equipping ward offices in Dagoretti South, Langata, & dagoretti North	Dagoretti Soith, Langata & dagoretti North	10/01/2024	10/04/2024	100,000,000	15,745,696	15,745,696	
2	Office of the Clerk	Refurbishing and equipping ward offices in Makadara, Kamakunji & mathare Sub -Counties	Makadara, Kamukunji & Mathare Sub-Counties	10/01/2024	30/12/2024	100,000,000	8,943,406	8,943,406	
3	Office of the Clerk	Refurbishing and equipping ward offices in Embakasi Central & Embakasi East	Embakasi Central & Embakasi east	10/01/2024	10/04/2024	100,000,000	7,460,865	7,460,865	
1	Built Environment & Urban Planning	KISIP- Phase II	Various Informal Settlements	18/06/2025	18/06/2026	660,744,953	132,148,991	132,148,991	20
2	Built Environment & Urban Planning	KISIP II-LOT 1	Various Informal Settlements	05/08/2024	31/01/2026	557,215,277	27,821,646	27,821,646	27
3	Mobility and Works	Drainage improvement Chalbi Orire Ranga road outfall and Muthia	Kilimani	15/11/2019	15/8/2020	72,404,097	40,107,924	40,107,924	40
4	Mobility and Works	Rehabilitation of Lot 14 Road in the Eastleigh Area, Nairobi, Malewa Road, 6th Street, 14th Street, 15th Street, Kiambiu	Eastleigh	20/11/21	19/10/22	84,947,960	37,697,795	37,697,795	100

Source: *Nairobi City County Treasury*

The County did not report any stalled development projects as of 31st December 2025.

3.30.17 Budget Performance by Department

Table 3.453 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.453: Nairobi City County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	119.21	-	24.51	-	24.51	-	100	-	21	-
Finance & Economic Planning	4,480.49	1,207	1,526.99	117.79	1,526.99	117.79	100	100	34	10
Public Service Management	1,427.52	10	950.73	-	950.73	-	100	-	67	-
Agriculture, Livestock Development, Fisheries & Forestry	238.19	85	109.64	-	109.64	-	100	-	46	-

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,638.91	1,000	482.53	32.15	482.53	32.15	100	100	29	3
Environment, Water, Energy & Natural Resources	2,667.02	845	1,576.77	114.77	1,576.77	114.77	100	100	59	14
Ward Development Programs	88.11	2,155	3.35	232.05	3.35	232.05	100	100	4	11
Emergency Fund	150	-	117.01	-	117.01	-	100	-	78	-
Liquor Licensing Board	299	101	-	-	49.20	-	-	-	16	-
Boroughs and Public Administration	4,105.99	1,280.30	1,892.81	-	1,892.81	-	100	-	46	-
County Attorney	636.31	15	222.60	-	222.60	-	100	-	35	-
Innovation and Digital Economy	196.26	258.61	59.78	-	59.78	-	100	-	30	-
Health, Wellness & Nutrition	9,656.32	849.51	4,609.46	-	4,609.46	-	100	-	48	-
Built Environment & Urban Planning	531.08	579.14	223.58	-	223.58	-	100	-	42	-
Mobility and Works	1,589.24	2,824.27	429.32	70.71	429.32	70.71	100	100	27	3
Talent Skills Devt & Care	2,237.70	1,236	736.07	-	736.07	-	100	-	33	-
Business & Hustler Opportunities	620.28	805.25	268.43	-	268.43	-	100	-	43	-
Inclusivity, Public Participation & Citizen Engagement	314.81	141.63	71.16	-	71.16	-	100	-	23	-
Nairobi Revenue Authority	206.76	25	1.33	-	1.33	-	100	-	1	-
	31,203.2	13,417.7	13,306.1	567.5	13,355.3	859.4	100	100	43	6

Source: *Nairobi City County Treasury*

Analysis of expenditure by departments shows that the Department of Environment, Water, Energy & Natural Resources recorded the highest absorption rate of development budget at 14 per cent, followed by the Department of Ward Development Programs at 11 per cent. The Department of Emergency Fund had the highest recurrent expenditure-to-budget ratio at 78 per cent, while the Department of Nairobi Revenue Authority had the lowest at 1 per cent.

3.30.18 Budget Execution by Programmes and Sub-Programmes

Table 3:454 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.454: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Environment, Water, Energy & Natural Resources							
Parks & Open Spaces Section	Solid Waste Management	600,000,000	679,000,000	422,153,479	114,769,000	-	16.9
Mobility and Works							
Mobility and Works	Transport	5,991,841	418,711,430	-	55,000,000	-	13.1
Ward Development Programmes							
Ward Development	Ward Development	88,112,210	2,155,000,000	-	232,053,155	-	10.8
Talent Skills Devt & Care							
Education services	Early Childhood Development Centers	127,300,000	149,054,687	-	9,225,000	-	6.2
County Assembly							
Legislation	Legislation	1,638,909,510	1,000,000,000	482,527,957	32,149,967	-	3.2

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Boroughs and Public Administration - Disaster Management							
General Administrative Services	General Administrative Services	150,000,000	-	117,006,800	-	78.0	-
Public Service Management							
Public Service Transformation	Human Resource Management	1,063,032,933	-	746,024,577	-	70.2	-
Health, Wellness & Nutrition							
General administration, planning and support services	Health, Wellness & Nutrition Headquarters	7,159,086,050		4,211,819,229	-	58.8	-
Talent Skills Devt & Care							
Youth, Talent & Sports	Youth, Talent & Sport	89,701,642		52,539,954	-	58.6	-

Source: *Nairobi City County Treasury*

The development sub-programmes with the highest budget implementation rates included Solid Waste Management in the Department of Environment, Water, Energy & Natural Resources at 17 per cent, Transport in the Department of Mobility and Works at 17 per cent, and Ward Development in the Department of Ward Development Programmes at 11 per cent. For recurrent sub-programmes, the top performers were General Administrative Services in the Department of Boroughs and Public Administration – Disaster management at 78 per cent, Human Resource Management in the Department of Public Service Management at 70 per cent, Health, Wellness & Nutrition Headquarters in the Department of Health, Wellness & Nutrition at 59 per cent.

Table 3.455 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.455: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning							
Kenya Devolution Support Program	Kenya Devolution Support Program	6,591,000	-	-	-	-	-
Agriculture, Livestock Development, Fisheries & Forestry							
General Administrative Services	Agriculture Committees	149,998	-	-	-	-	-
Boroughs and Public Administration							
General Administrative Services	Records Management	2,361,714	5,000,000	-	-	-	-
Performance Management and Public Service Delivery	Research Policy & Development	12,918,450	-	-	-	-	-
Performance Management and Public Service Delivery	Executive Communication	60,000,000	-	-	-	-	-
Disaster Management & Coordination	Firefighting and Rescue	45,175,000	305,000,000	-	-	-	-
Disaster Management & Coordination	Ambulance Services	4,263,061	20,000,000	-	-	-	-
Disaster Management & Coordination	Disaster Risk Reduction	8,094,984	-	-	-	-	-
Innovation and Digital Economy							
Smart Nairobi	E-Learning Headquarters	1,408,875	-	-	-	-	-
Smart Nairobi	Start ups	7,000,000	-	-	-	-	-
Smart Nairobi	Smart Nairobi	2,851,905	100,000,000	-	-	-	-
ICT Infrastructure Connectivity	Infrastructure	66,903,292	138,611,367	-	-	-	-
Health, Wellness & Nutrition							
Public Health	HIV/AIDS prevention and control unit	2,700,000	-	-	-	-	-
Public Health	TB control unit	1,372,500	-	-	-	-	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Public Health	Malaria control & Other Communicable Diseases unit	1,000,000		-	-	-	-
Public Health	Environmental Public Health	5,700,000		-	-	-	-
Public Health	Health Policy and Regulations	7,275,000		-	-	-	-
Public Health	Coroner Services	32,100,000	45,165,446	-	-	-	-
Public Health	Nairobi County Public Health Emergency Response	6,727,500		-	-	-	-
Public Health	Mama Margaret Uhuru Kenyatta Hospital	28,400,000		-	-	-	-
Public Health	Mutuini Hospital	36,300,000	38,000,000	-	-	-	-
Public Health	Health Management Information System	7,630,000		-	-	-	-
Public Health	Primary Health Care	3,000,000		-	-	-	-
Public Health	Non-communicable diseases	7,000,000		-	-	-	-
Public Health	Health Research	2,000,000		-	-	-	-
Public Health	Nutrition Program Promotion	5,116,786		-	-	-	-
Public Health	Wellness	4,100,780		-	-	-	-
Health Facilities	Kayole 2 Sub-County Hospital	11,200,000		-	-	-	-
Health Facilities	Njiru Hospital	4,000,000		-	-	-	-
Health Facilities	Mathare North Hospital	5,000,000	16,446,000	-	-	-	-
Health Facilities	Westlands Hospital	7,550,000		-	-	-	-
Health Facilities	Kianda 42 Hospital	4,000,000		-	-	-	-
Health Facilities	Langata Sub-County Hospital	4,000,000		-	-	-	-
Medical services	Makadara Hospital	4,000,000		-	-	-	-
Wellness and Nutrition	Bahati Hospital	4,000,000		-	-	-	-
Wellness and Nutrition	Tasia Kwa Ndege Hospital	4,000,000	21,404,261	-	-	-	-
Wellness and Nutrition	Njenga Hospital	4,000,000	20,000,000	-	-	-	-
Wellness and Nutrition	Health Facility Administration	14,505,000	100,343,557	-	-	-	-
Built Environment & Urban Planning							
Urban Development & Planning	Urban Planning Compliance & Enforcement	44,075,000	10,000,000	-	-	-	-
Urban Development & Planning	Urban Policy & Research	5,575,000	50,000,000	-	-	-	-
Land Management and Property Management	Land Survey, GIS and Mapping	34,975,000	171,522,179	-	-	-	-
Land Management and Property Management	Valuation and Property Management	8,900,000		-	-	-	-
Housing Development and Building Services	Urban Renewal and Housing Hq	39,600,000	317,622,179	-	-	-	-
Housing Development and Building Services	Building Services Department	7,425,000		-	-	-	-
Housing Development and Building Services	Building Works	7,875,000	8,000,000	-	-	-	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Talent Skills Devt & Care							
Education services	Vocational Training	77,027,038	48,153,024	-	-	-	-
Education services	Community Development	1,018,130		-	-	-	-
Education services	Community Development	16,304,916		-	-	-	-
Education services	Control of Drugs and Pornography	1,954,812		-	-	-	-
Education services	Youth Affairs	14,000,000		-	-	-	-
Education services	Recreation Services	4,975,000	130,000,000	-	-	-	-
Education services	Library Services	3,975,000	25,000,000	-	-	-	-
Business & Hustler Opportunities							
Co-operative Development and Audit Services	Co-operative Development	32,162,500		-	-	-	-
Co-operative Development and Audit Services	Co-operative Audit	20,000,000	10,000,000	-	-	-	-
Trade Development and Market Services	Markets Department headquarters	7,245,000	450,000,000	-	-	-	-
Trade Development and Market Services	Weights & Measures Services	6,825,625	75,250,000	-	-	-	-
Trade Development and Market Services	Betting & Gaming Department	7,670,000		-	-	-	-
Trade Development and Market Services	Public Communications	6,700,000	58,625,000	-	-	-	-
Trade Development and Market Services	Customer Care Services	3,000,000	25,000,000	-	-	-	-
Inclusivity, Public Participation & Citizen Engagement							
Gender and Inclusivity	Gender Mainstreaming & PLDWD	13,200,000	38,000,000	-	-	-	-
City Culture Arts & Tourism	City Culture and Art	140,125,000	20,000,000	-	-	-	-

Source: *Nairobi City County Treasury*

The county did not record development and recurrent sub-programmes shown in the table above.

3.30.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 174 accounts with commercial banks (County Assembly -8 and County Executive- 166), including 123 accounts for Health Facilities, 11 accounts for Vocational Training Centres, five accounts for Established Funds, five revenue accounts, 16 special purpose accounts (additional allocations), 2 Early Childhood Development Accounts (ECDs), two imprest accounts, one recurrent operational account and one development operational accounts.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.30.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nairobi City County budget, the CoB made the following

observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on February 4 2026.
ii. The underperformance of own-source revenue at Kshs.5.31 billion against an annual target of Kshs.21.18 billion, representing 25 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.859.4 million on development activities, achieving a 6.4 per cent absorption rate.
iv. High level of trade payables, which amounted to Kshs.80.04 billion as of 31 December 2025. Further, the County Treasury failed to adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.303.23 million for casual staff, gratuity for contract staff, and community health workers were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015. The County Government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Health Facilities, Vocational Training Centres, Established Funds, special purpose accounts (additional allocations), and Early Childhood Development Accounts (ECDs).
vii. Lack of an HR plan (action plan) to provide a strategy to reduce the wage bill to 35 per cent by June 2028 in line with the Third National Wage Bill Conference of 2024.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County treasury should submit an HR plan (action plan) to reduce the wage bill to 35 per cent by June 2028, in line with the Third National Wage Bill Conference of 2024*

3.31. County Government of Nakuru

3.31.1 Overview of FY 2025/26 Budget

The Nakuru County Approved Budget for FY 2025/26 is Kshs.22.40 billion. It comprises Kshs.7.47 billion (33 per cent) and Kshs.14.92 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.33 billion (6 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.6.99 billion and a recurrent budget of Kshs.14.08 billion. The increase in the budget was primarily attributed to the rise in the equitable share, the Own Source revenues and the balances brought forward from FY 2024/25 by Kshs.182.15 million, Kshs.468.75 million and Kshs.665.70 million, respectively.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.14.32 billion (64 per cent), additional allocations of Kshs.1.83 billion (8 per cent), a cash balance of Kshs.1.67 billion (7 per cent), balance brought forward from FY 2024/25, and Kshs.4.58 billion (20 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.456.

3.31.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.11.60 billion. This amount represent-

ed an increase of 27 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.9.11 billion. The total revenue consisted of Kshs.6 billion from the equitable share of revenue raised nationally, own-source revenue (OSR) collection of Kshs.1.39 billion. Additionally, the County had a cash balance of Kshs.4.21 billion from FY 2024/25. The total OSR collection of Kshs.1.39 billion included Facilities Improvement Financing (FIF) of Kshs.912.42 million, and Kshs.479.18 million from other OSR sources. Table 3.456 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.456: Nakuru County, Revenue Performance in the First Half of FY 2025/26

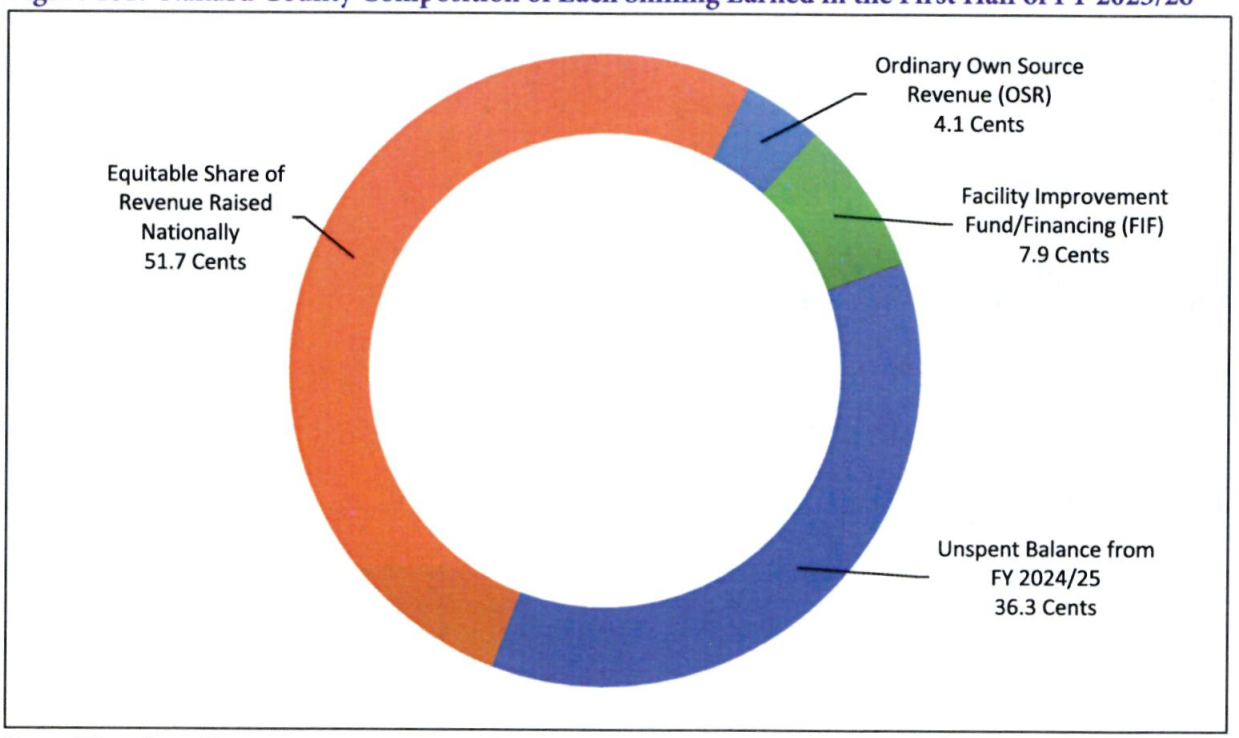
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	1,670,702,716	4,208,744,323	-	4,208,744,323	(2,538,041,607)
2	County Executive Refunds to CRF	-	67,215,332	-	67,215,332	(67,215,332)
3	County Assembly Refunds to CRF	-	3,032,700	-	3,032,700	(3,032,700)
	Sub-Total	1,670,702,716	4,208,744,323	-	4,208,744,323	(2,538,041,607)
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	14,315,950,029	5,998,886,278	-	5,998,886,278	8,317,063,751
	Sub-Total	14,315,950,029	5,998,886,278		5,998,886,278	8,317,063,751
C	**Additional Allocations (Including Grants)**					
1	Donor Grants (DANIDA)	23,583,750	_	_	_	23,583,750
2	Kenya Devolution Support Program (KDSP) II Level I	37,500,000	_	_	_	37,500,000
3	Kenya Devolution Support Program (KDSP) II Level II	352,500,000	_	-	-	352,500,000
4	World Bank National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	_	_	_	151,515,152
5	IFAD Conditional grant Kenya Livestock Commercialization Project (KELCOP)	38,280,000	_	_	_	38,280,000
6	Conditional Grant - Kenya Agricultural Business Development Project (KABDP)	10,918,919	_	_	_	10,918,919
7	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Development Grant	671,683,509	_	_	_	671,683,509
8	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Institutional Grant	35,000,000	_	-	-	35,000,000
9	World Bank Grant Finance Locally-Led Climate Action Program, (FLLoCA) - County Climate Institution Support (CCIS) Level I	11,000,000	-	-	-	11,000,000
10	World Bank Grant Financing Locally-Led Climate Action (FLLoCA) Program – County Climate Resilience Investment Grant	188,211,085	-	-	-	188,211,085
11	Conditional Fund - World Bank - Kenya Informal Settlement Improvement Project II (KISIP II)	100,000,000	-	-	-	100,000,000
12	Nutrition International Grant	10,000,000	-	-	-	10,000,000
13	Conditional Allocation for Community Health Promoters (CHPs)	99,390,000	-	-	-	99,390,000
14	Conditional grant from GoK for Aggregated Industrial Parks Programme (CAIPs)	105,263,158	-	-	-	105,263,158
	Sub-Total	1,834,845,573	-	-	-	1,834,845,573
D	**Ordinary Own Source Revenue (OSR)**					

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
1	Trade Licences	523,203,060	35,102,037	-	35,102,037	488,101,023
2	Property tax (Plot &Land rates)	326,593,517	48,424,120	-	48,424,120	278,169,397
3	Vehicle Parking Fees	316,948,194	110,396,642	-	110,396,642	206,551,552
4	Royalties	291,201,012	118,119,829	-	118,119,829	173,081,183
5	Advertisements	205,961,686	29,855,983	-	29,855,983	176,105,703
6	Miscellaneous Income	163,891,807	35,139,676	-	35,139,676	128,752,131
7	Alcoholics Drinks/Liquor	163,832,708	11,268,800	-	11,268,800	152,563,908
8	Approval for Building Plans	127,075,934	20,567,137	-	20,567,137	106,508,797
9	Health Fees	95,752,325	21,086,402	-	21,086,402	74,665,923
10	Cess Revenue	73,529,323	22,073,084	-	22,073,084	51,456,239
11	Markets	54,415,204	21,025,040	-	21,025,040	33,390,164
12	House rent	30,600,856	1,698,050	-	1,698,050	28,902,806
13	Slaughter House Fees	26,994,375	4,426,900	-	4,426,900	22,567,475
	Sub-Total	2,400,000,000	479,183,700	-	479,183,700	1,920,816,300
E	**Facility Improvement Fund/Financing (FIF)**					
1	FIF	2,175,903,913	**912,422,552**	-	**912,422,552**	1,263,481,361
	Sub-Total	**2,175,903,913**	**912,422,552**	-	**912,422,552**	1,263,481,361
	Total	22,397,402,231	11,599,236,853	-	11,599,236,853	9,576,432,707

Source: *Nakuru County Treasury*

Figure 181 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

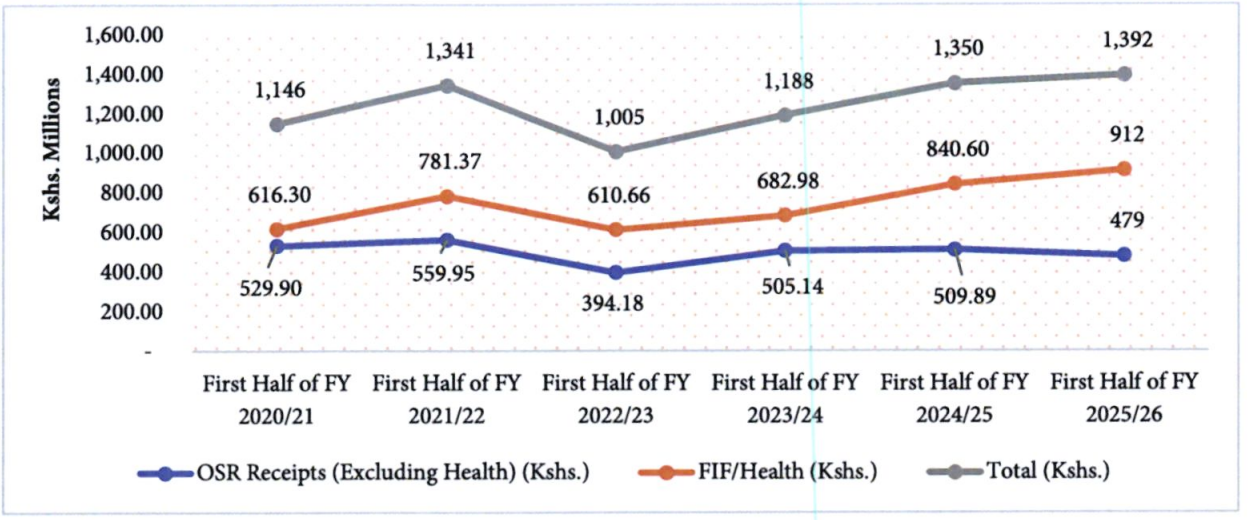
Figure 181: Nakuru County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Nakuru County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 52 per cent, 4 per cent and 8 per cent, respectively, of the total receipts for the reporting period. Figure 182 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 182: Nakuru County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



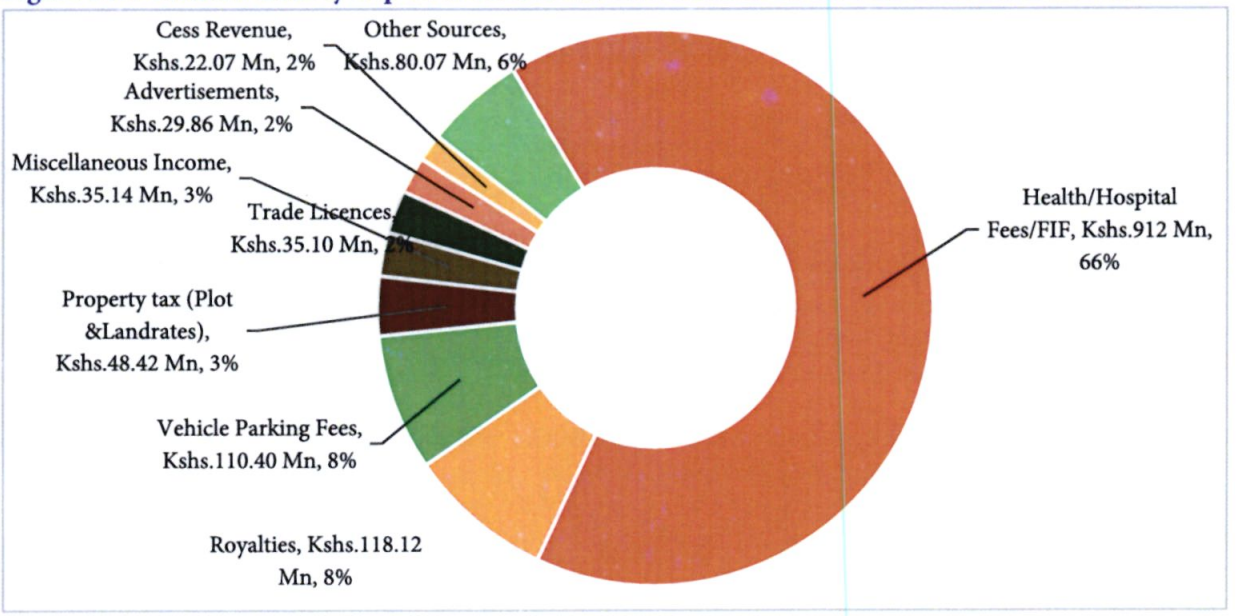
Source: *Nakuru County Treasury*

During the first half of FY 2025/26, the County received Kshs.1.39 billion from OSR, including FIF. This amount was an increase of 3 per cent compared to Kshs.1.35 billion realised in a similar period in FY 2024/25, and was 30 per cent of the annual target and 23 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the growth of the Facilities Improvement Financing (FIF) receipts from the previous year collections of Kshs.840.60 million to the current Kshs.912.42 million, thus a net growth of Kshs.41.11 million in the overall county OSR.

The revenue streams which contributed the highest OSR receipts are shown in Figure 183

Figure 183: Nakuru County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Nakuru County Treasury*

As shown in Figure 183 the highest revenue stream, at Kshs.912.42 million, was from Health/Hospital Fees/FIF, accounting for 66 per cent of the total OSR receipts. The County Government indicated that it has automated all its revenue streams.

3.31.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.12.25 billion, which increased to Kshs.13.84 billion as of 31st December 2025. Table 3.457 presents a breakdown of the County's revenue arrears.

Table 3.457: Nakuru County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December 2025	-	-	-	1,156,411,813	1,156,411,813
	Sub-Total	-	-	-	1,156,411,813	1,156,411,813
B	**Ordinary Own Sources of Revenue**					
1	Property rent	10,588,563,647	-	-	242,796,753	10,831,360,399
2	House rent	697,631,044	-	-	42,405,750	740,036,794
3	Market stalls rent	5,722,307	-	-	355,960	6,078,267
	Sub-Total	11,291,916,998	-	-	285,558,463	11,577,475,460
C	**Facility Improvement Fund (FIF)**					
1	SHIF	465,445,014	-	638,380,470	782,121,425	609,185,969
2	Defunct NHIF	477,815,759	-	1,067,828	5,846,718	482,594,650
3	Insurance Companies	17,234,602	-	9,439,956	8,117,768	15,912,414
	Sub-Total	**960,495,375**	-	**648,888,253**	**796,085,911**	**1,107,693,033**
	Total	12,252,412,373	-	648,888,253	2,238,056,186	13,841,580,306

Source: Nakuru *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.13.84 billion, comprising Kshs.1.16 billion Equitable Share, Kshs.11.56 billion OSR and for Kshs.1.11 billion from SHA and the defunct NHIF. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include the use of legal frameworks such as the Housing Estates Tenancy and Management Bill, Revenue Administration Act, and Rating Act and other relevant laws to recover arrears for land rates (property taxes), house rent (for County-owned housing), and stall rent (for market stalls). The other measures include administrative, legal, and enforcement actions, such as Sending Demand Notices, establishing a Debt Collection Unit, Improving Systems, and collaborating with the national government to recover significant arrears from entities like Kenya Railways, Kenya Wildlife Services, and the Pyrethrum Board.

3.31.4 Borrowing by the County

The Nakuru County Government did not report any borrowing during the Second quarter of the FY 2025/26.

3.31.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.34 billion from the Nakuru County Revenue Fund (CRF) account. This amount consisted of Kshs.474.33 million (9 per cent) designated for development programs and Kshs.4.87 billion (91 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.4.11 billion was allocated for employee compensation, and Kshs.760.71 million for operations and maintenance expenditures. Within the operations and maintenance category, 4 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.233.68 million, which included Kshs.120.87 million for the County Executive and Kshs.112.81 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.51.20 million, with Kshs.4.34 million for the County Executive and Kshs.46.86 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Nakuru CRF account was Kshs.3.95 billion.

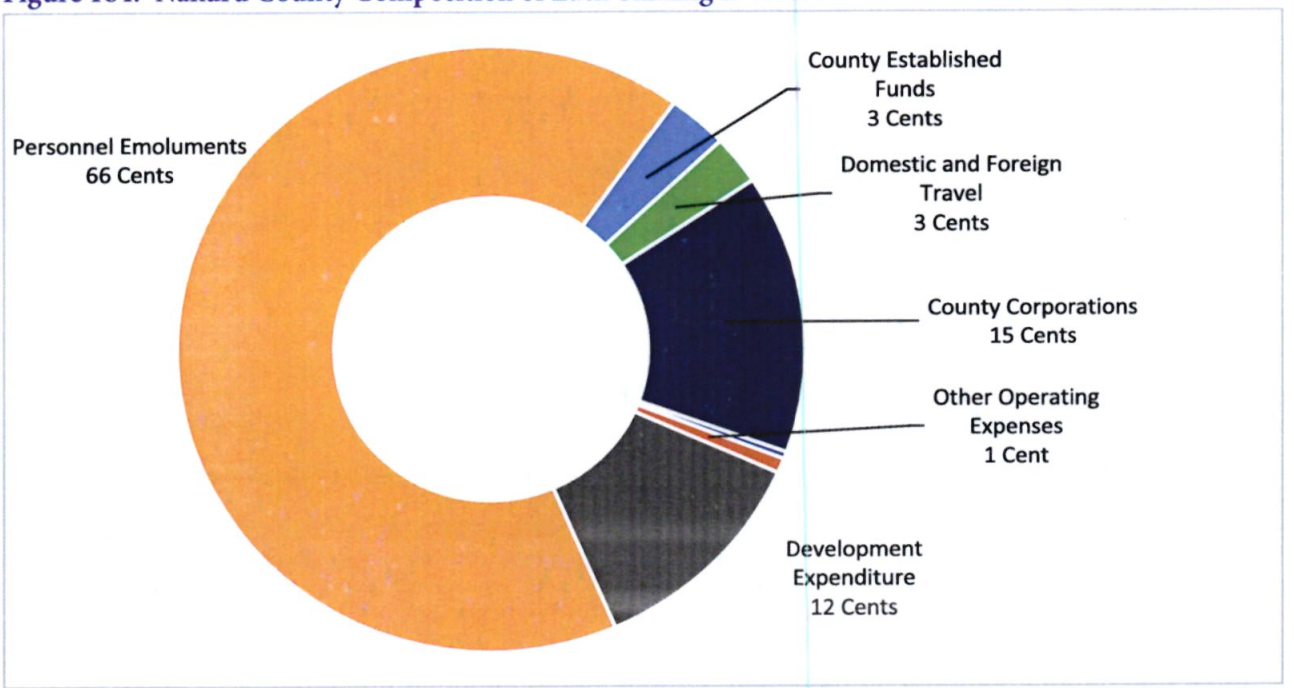
3.31.6 Expenditure Review

The County spent Kshs.6.31 billion on development and recurrent programmes in the reporting period. The expenditure represented 118 per cent of the total funds released by the CoB. It comprised Kshs.723.45 million for development programmes and Kshs.5.59 billion for recurrent programmes. Expenditure on development programmes represented 10 per cent of the annual development expenditure budget, while recurrent expenditure represented 37 per cent of the annual recurrent expenditure budget.

The more than 100 per cent expenditure to the funds released is attributable to the Kshs.64.52 million Road Maintenance Levy Fund Additional Allocations balances from the FY 2024/25 and the Kshs.912.42 million Facility Improvement Financing (FIF) monies that were expended at source in line with the FIF Act of 2023.

Figure 184 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 184: Nakuru County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Nakuru *County Treasury*

As shown in Figure 184, the three highest expenditure categories were Personnel Emoluments, County Corporations, and Development Expenditure, contributing 66, 15 and 12 per cent of total expenditure for the reporting period.

3.31.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.32 billion. This amount consisted of Kshs.2.16 billion from the County Executive and Kshs.162.99 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.1.58 billion for recurrent expenditure and Kshs.577.45 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.127.88 million, comprising Kshs.43.45 million (34 per cent) for recurrent programmes and Kshs.84.43 million (66 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.39.58 million on recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.2.03 billion for County Executive and Kshs.123.42 million for County Assembly. Table 3.458 provides additional details of trade payables.

Table 3.458: Nakuru County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	577,452,055	1,584,395,853	2,161,847,908
		County Assembly	_	162,995,763	162,995,763
		Total	**577,452,055**	**1,747,391,616**	**2,324,843,671**
Trade payables scheduled to be settled in First Half of FY 2025/26 per the action plan	b	County Executive	316,408,552	418,467,376	734,875,928
		County Assembly	_	78,323,505	78,323,505
		Total	**316,408,552**	**496,790,881**	**813,199,433**
Amount paid in the First Half of FY 2025/26	c	County Executive	84,432,087	43,452,153	127,884,240
		County Assembly	_	39,576,239	39,576,239
		Total	**84,432,087**	**83,028,392**	**167,460,478**

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	**493,019,969**	**1,540,943,700**	**2,033,963,669**
		County Assembly	-	**123,419,524**	**123,419,524**
		Total	**493,019,969**	**1,664,363,224**	**2,157,383,193**

Source: *Nakuru County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.734.88 million and Kshs.78.32 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.127.88 million for the Executive and Kshs.39.58 million for the Assembly.

Table 3:459 and Table 3:460 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.2.16 billion.

Table 3.459: Nakuru County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**293,260,731**	**132,640,596**	**26,710,502**	**40,408,139**	**493,019,969**
Recurrent Trade Payables (Goods & Services)	291,635,927	690,288,531	80,526,981	429,268,382	1,491,719,821
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	2,258,560	15,728,388	176,034	213,270	18,376,251
Recurrent Trade Payables (Staff Claims)	24,553,869	6,069,254	224,505	-	30,847,628
Total Recurrent Trade Payables	**318,448,356**	**712,086,173**	**80,927,519**	**429,481,652**	**1,540,943,700**
Total Trade Payables	**611,709,087**	**844,726,769**	**107,638,022**	**469,889,791**	**2,033,963,669**
% of Total	**30**	**42**	**5**	**23**	**100**

Source: *Nakuru County Treasury*

Table 3.460: Nakuru County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	120,659,524	2,760,000	-	123,419,524
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	**120,659,524**	**2,760,000**	-	**123,419,524**
Total Trade Payables	-	**120,659,524**	**2,760,000**	-	**123,419,524**
% of Total	-	**98**	**2**	-	**100**

Source: *Nakuru County Assembly*

3.31.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.82 billion on compensation of employees, Kshs.1.26 billion on operations and maintenance, and Kshs.615.45 million on development activities. Similarly, the County Assembly spent Kshs.257.48 million on compensation of employees, Kshs.258.59 million on operations and maintenance, and Kshs.107.99 million on development activities, as shown in Table 3:461.

Table 3.461: Nakuru County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**13,663,374,264**	**1,261,497,608**	**5,072,921,501**	**516,072,566**	_	_	**5,072,921,501**	**516,072,566**	**37**	**41**
Compensation of Employees	7,919,561,862	487,719,778	3,816,616,409	257,484,390	_	_	3,816,616,409	257,484,390	48	53
Operations and Maintenance	5,743,812,402	773,777,830	1,256,305,092	258,588,176	-	-	1,256,305,092	258,588,176	22	33
Development Expenditure	**7,222,530,359**	**250,000,000**	**615,451,323**	**107,995,337**	-	-	**615,451,323**	**107,995,337**	**9**	**43**
Total	20,885,904,623	1,511,497,608	5,688,372,824	624,067,903	-	-	5,688,372,824	624,067,903	27	41

Source: *Nakuru County Treasury*

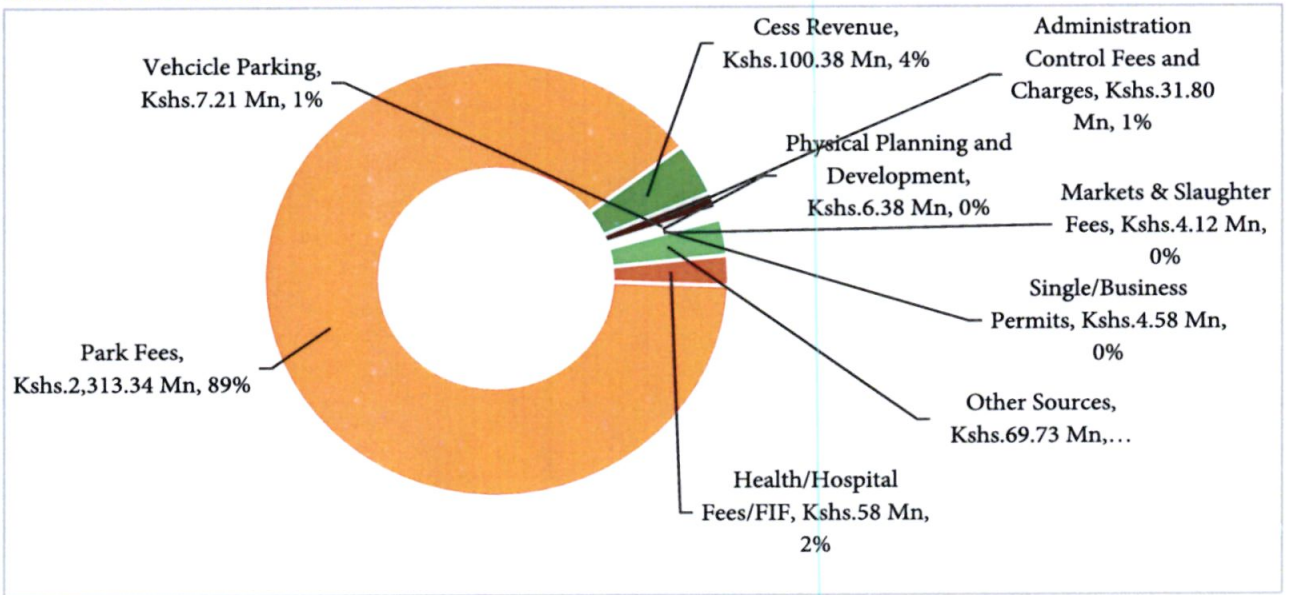
3.31.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.4.07 billion. The percentage of compensation of employees to revenue was 35 per cent. This expenditure on employee compensation shows an increase of 26 per cent compared to the Kshs.3.23 billion reported in a similar period in FY 2024/25. Of this total, Kshs.2.58 billion related to Health Sector employees, accounting for 63 per cent of the overall employees' compensation.

The 26 per cent growth in the FY 2025/26 employee compensation expenditure relative to that of the FY 2024/25 is a result of the settlement of KRA PAYE arrears that were accrued over the years.

Figure 185 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2021/22 to the First Half of FY 2025/26.

Figure 185: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2021/22 to the First Half of FY 2025/26



Source: Nakuru County Treasury

Further analysis indicated that PE costs totalling Kshs.3.21 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.206.09 million was processed through manual payrolls, which accounted for 4 per cent of the total PE cost.

The manual payroll comprised of salaries for 18 staff not onboarded into the Human Resource Information System (HRIS), sal-

aries for 596 casual staff, top-up allowances for 38 security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.462.

Table 3.462: Breakdown of Nakuru County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	10,930,671
2	Salaries for casual staff	84,818,932
3	Top-up Allowances for Security Officers	8,214,338
4	LAPTRUST/LAPFUND Pension Contributions	14,250,827
5	Gratuity for contract staff	82,422,017
6	Housing Levy - Employer	3,305,401
7	NSSF - Employer	2,032,560
8	NITA	116,700
	Total	206,091,446

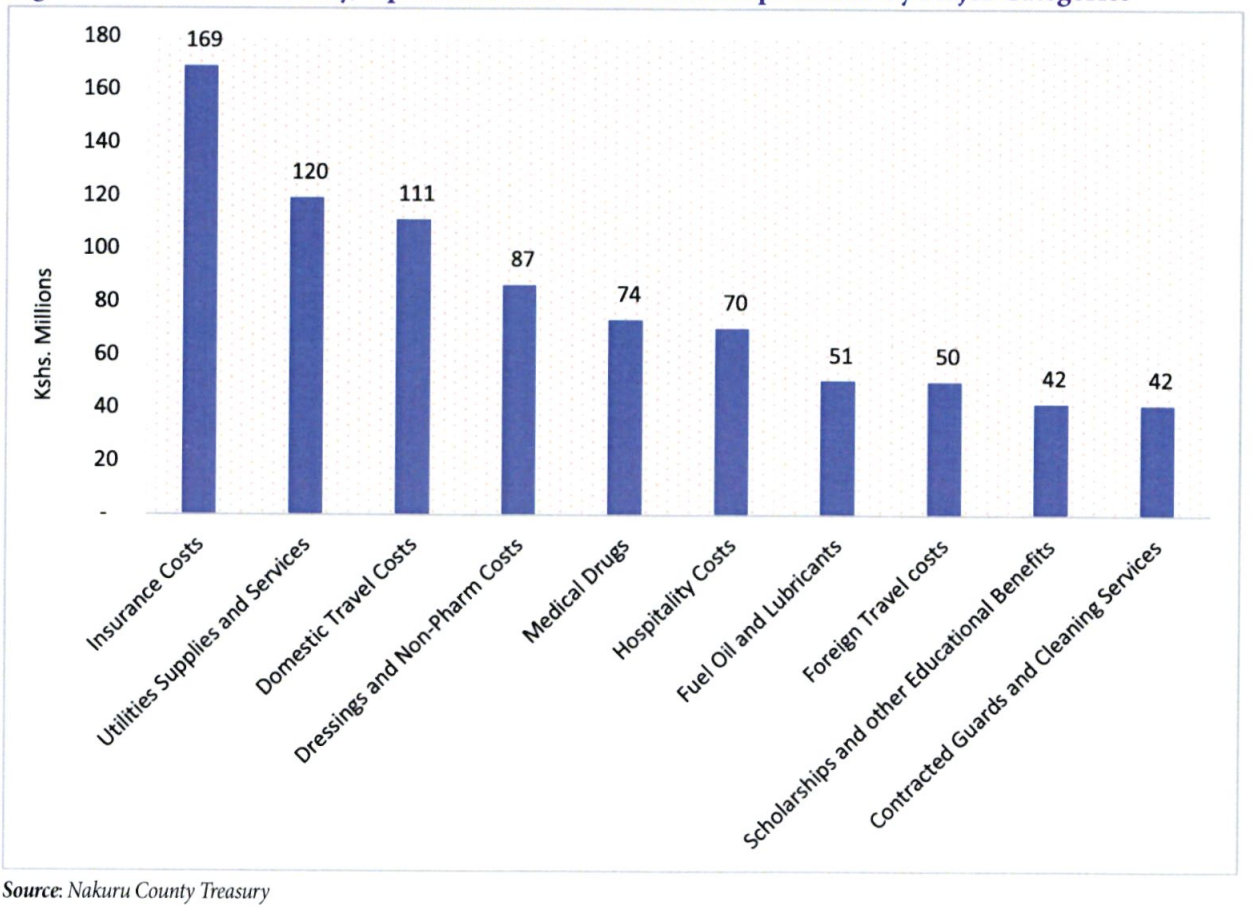
Source: *Nakuru County Treasury*

The County Assembly spent Kshs.23.98 million on committee sitting allowances for the 75 MCAs and the Speaker against the annual budget allocation of Kshs.53 million. The average monthly sitting allowance was Kshs.52,582 per MCA. The County Assembly has 23 House Committees.

3.31.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.51 billion on operations and maintenance, representing a decrease of 21 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.93 billion. Figure 186 summarises the Operations and Maintenance expenditure by major categories.

Figure 186: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: *Nakuru County Treasury*

3.31.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.48.64 million on "*other operating expenses*," which is 3 per cent of the total operations and maintenance expenditure of Kshs.1.51 billion. This category of expenditure includes Kshs.41.73 million for Contracted Guards and Cleaning Services and Kshs.6.91 million for Contracted Professional Services. The disaggregated items under the "Other Operating Expenses" category are shown in Table 3.463.

Table 3.463: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted Guards and Cleaning Services	111,674,639	41,731,461
2211310	Contracted Professional Services	26,430,000	6,907,815
	Total	138,104,639	48,639,276

Source: *Nakuru County Treasury*

3.31.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.734.84 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.70 million to the Emergency Fund (less than one per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.464 summarises the budget allocations and performance of each established Fund during the reporting period.

Table 3.464: Performance of Nakuru County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Nakuru County Executive Mortgage (Staff) Scheme Fund	2018	50,000,000	-	-	306,000,000	Yes
2	Nakuru County Executive (Staff) Car Loan Scheme Fund	2018	5,000,000	-	-	80,840,000	Yes
3	Nakuru County Emergency Fund	2016	70,000,000	-	70,500,000	768,000,000	Yes
4	Nakuru County Persons with Disability Fund	2018	27,500,000	-	-	55,000,000	Yes
5	Nakuru County Bursary Fund	2014	416,062,172	-	42,104,476	2,009,242,832	Yes
6	Nakuru County Climate Change Fund	2021	111,852,663	-	74,138,639	491,869,825	Yes
7	Nakuru County Enterprise Fund	2020	25,000,000	-	157,528	50,000,000	Yes
8	The Nakuru County Co-Operative Revolving Development Fund	2020	25,000,000	-	432,778	50,000,000	Yes
		County Assembly Established Funds					
1	Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund	Revised 2022	4,424,000	-	2,210,000	836,266,265	Yes
	Total		734,838,835	-	189,543,421	4,647,218,922	

Source: *Nakuru County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from 9 Fund Administrators, as indicated in Table 3.465, in line with the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of all the existing Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Nakuru County Bursary Fund had lapsed while the Nakuru County Emergency Fund lifespan

is about tocome to an end. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.31.13 County Corporations

The County has 3 County Corporations, which were allocated Kshs.2.86 billion in FY 2025/26. Their total expenditure for the review period amounted to Kshs.917.05 million, as shown in Table 3.465.

Table 3.465: Performance of Nakuru County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Nakuru Water and Sanitation Company	2,103,138,464	–	587,530,561	1,782,103,842
2	Naivasha Water and Sanitation Company	315,786,670	–	158,336,603	407,723,027
3	Nakuru Rural Water Company	439,082,410	–	171,182,519	568,219,943
	Total	2,858,007,544	-	917,049,683	2,758,046,812

Source: *Nakuru County Treasury*

3.31.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.111.31 million and comprised Kshs.66.23 million spent by the County Assembly and Kshs.45.08 million by the County Executive. Expenditure on foreign travel amounted to Kshs.50.43 million and comprised Kshs.47.73 million by the County Assembly and Kshs.2.70 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.466.

Table 3.466: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	7	08th -12th September, 2025	The Change Management for Government Leaders Training	Singapore	7,392,771	_	7,392,771
County Assembly	6	14th -22nd September, 2025	Training on Public Policy Formulation, Analysis and Management	Singapore	5,422,628	_	5,422,628
County Assembly	7	17th -24th August, 2025	Strategic Leadership and Governance (SLG) in a Parliamentary Setting Training	Tanzania	2,909,380	_	2,909,380
County Assembly	7	03rd -10th August, 2025	Strategic Leadership and Governance (SLG) in a Parliamentary Setting Training	Tanzania	2,749,235	_	2,749,235
County Assembly	7	03rd -10th August, 2025	Strategic Leadership and Governance (SLG) in a Parliamentary Setting Training	Tanzania	2,749,235	_	2,749,235
County Assembly	7	14th -21st September, 2025	Strategic Leadership and Governance (SLG) in a Parliamentary Setting Training	Tanzania	2,719,640	_	2,719,640

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	7	14th -21st September, 2025	Strategic Leadership and Governance (SLG) in a Parliamentary Setting Training	Tanzania	2,719,640	_	2,719,640
County Assembly	7	12th -19th October, 2025	Strategic Leadership and Governance(SLG) Training in a Parliamentary Setting	Tanzania	2,718,366	_	2,718,366
County Assembly	7	12th -19th October, 2025	Training on Strategic Leadership and Governance(SLG) in a Parliamentary Setting	Tanzania	2,718,366	_	2,718,366
County Assembly	4	17th -24th August, 2025	Training on Strategic Leadership and Governance(SLG) in a Parliamentary Setting	Tanzania	2,607,514	_	2,607,514

Source: Nakuru County Treasury and Nakuru County Assembly

3.31.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.912.42 million as FIF, which was 42 per cent of the annual target of Kshs.2.18 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by health facilities amounted to Kshs.912.42 million, as shown in Table 3.467.

Table 3.467: Nakuru County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	1,119,132,309	547,931,202	46
2.	Level 4 Hospital	15	976,771,604	364,491,350	37
	Total		2,175,903,913	912,422,552	42

Source: *Nakuru County Treasury*

3.31.16 Development Expenditure

During the review period, the County reported spending Kshs.723.45 million on development programmes, an increase of 96 per cent compared with FY 2024/25, when the County spent Kshs.368.76 million. Table 3.468 summarises the development projects with the highest expenditure in the reporting period.

Table 3.468: Nakuru County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	Health Services	Plant, Machinery, Medical and Dental Equipment for Level IV & V Hospitals	Level IV & V Hospitals	July 2025	June 2026	300,700,157	188,113,890	_	112,586,267	63

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2.	Assembly	Construction of Phase III Office Block: Parking Facility & Associated Civil Works	HQ	Jan 2026	Aug 2026	346,170,254	107,995,337	_	168,940,866	50
3.	Health Services	Construction of a Level IV Hospital in Rongai Sub-County, Phase III	HQ	July 2025	June 2026	249,800,321	45,487,501	_	204,312,820	37
4.	County Treasury	Revenue Management System	HQ	Dec 2020	Nov 2025	65,700,000	34,180,541	_	34,180,541	52
5.	Health Services	Construction of a Level IV Hospital in Kuresoi North Sub-County, Phase III	HQ	July 2025	June 2026	248,246,867	25,275,387	_	222,971,480	46
6.	Infrastructure	Rehabilitation of Wakulima Market access road in Biashara Ward, Nakuru East Sub-County.	HQ	July 2024	June 2026	22,500,000	21,865,373	_	634,628	100
7.	Infrastructure	Cabro and drainage works at Kuresoi trading centre access roads in Kiptororo Ward, Kuresoi North Sub-County.	Gilgil	July 2025	June 2026	15,190,000	14,803,894	_	386,106	100
8.	Infrastructure	Maintenance of rural and urban roads Program (MRUP) [Imarisha Barabara Program]	HQ	July 2025	June 2026	15,260,730	7,630,365	_	7,630,365	50
9.	Health Services	Purchase of Medical and Dental Equipment at PGH Nakuru	PGH Nakuru	2025/26	June 2026	41,900,000	7,266,186	_	34,633,814	17
10.	Naivasha Municipality	Paved parking, drainage, non-motorised transport, and beautification along Mama Ngina Road	Lakeview Ward	July 2024	June 2026	12,418,514	6,737,219	_	5,681,296	50

Source: *Nakuru County Treasury*

The County reported 2 stalled development projects as of 31st December 2025, with an estimated value of Kshs.10.66 million, of which Kshs.6.74 has already been paid. The stalled projects are shown in Table 3.469.

Table 3.469: Nakuru County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1.	Trade, Industry, Marketing and Tourism	Construction of Naivasha Fish Market	Naivasha East	April 2022	Dec 2022	9,658,590	6,026,905	_	3,631,685	50
2.	Trade, Industry, Marketing and Tourism	Building of Market Shed at Narasha	Olkaria	June 2020	Dec 2020	998,770	711,889	_	286,881	77

Source: Nakuru County Treasury

3.31.17 Budget Performance by Department

Table 3.470 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.470: Nakuru County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Approved Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	357.08	15	83.07	-	83.07	-	100	_	23	_
County Treasury	1,401.18	855.19	471.57	72.45	471.45	72.45	100	100	34	8
County Public Service Board	92.66	3	21.34	-	21.34	-	100	0	23	0
Health Services	6,951.90	1,619.32	2,300.44	70.76	3,028.25	255.37	132	361	44	16
Infrastructure	269.80	1,249.73	123.06	98.31	123.06	162.82	100	166	46	13
Naivasha Municipality	59.19	473.76	7.23	23.78	7.23	23.78	100	100	12	5
Office of the County Attorney	59.58	3	12.06	-	12.06	-	100	0	20	0
Nakuru City	113.15	497.56	21.36	-	21.36	-	100	0	19	_
Trade, Industry, Marketing and Tourism	204.50	218.06	54.37	-	54.37	-	100	0	27	0
Agriculture, Livestock and Fisheries	481.95	363.19	185.34	0.49	185.34	0.49	100	100	38	0
Lands, Physical Planning and Housing	123.18	187.52	39.21	-	39.21	-	100	0	32	0
Water, Environment, Energy and Natural Resources	238.15	729.19	85.38	11.76	85.38	11.76	100	100	36	2
Public Service, Training and Devolution	1,494.50	385.38	545.10	-	545.10	-	100	0	36	_
Education, Vocational training, ICT and E-Government	1,441.97	242.26	343.28	77.05	343.28	77.05	100	100	24	32
Youth, Culture, Gender, Sports and Social Services.	301.24	48.14	51.61	-	51.61	-	100	_	17	_
Gilgil Municipality	41.93	187.44	0.66	11.72	0.47	11.72	72	100	1	6
Molo Municipality	31.42	144.79	0.47	-	0.33	-	71	_	1	_
Assembly	1,261.50	250	523.86	107.99	516.07	108	99	_	41	43
Total	**14,924.87**	**7,472.53**	**4,869.40**	**474.33**	**5,588.99**	**723.45**	**115**	**153**	**37**	**10**

Source: *Nakuru County Treasury*

Analysis of expenditure by departments shows that the Nakuru County Assembly recorded the highest absorption rate of the development budget at 43 per cent, followed by the Department of Education, Vocational Training, ICT, and E-Government at 32

per cent. The Department of Infrastructure had the highest recurrent expenditure-to-budget ratio at 46 per cent, while Gilgil and Molo Municipalities had the lowest at 1 per cent.

3.31.18 Budget Execution by Programmes and Sub-Programmes

Table 3.471 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.471: Nakuru County, Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Naivasha Municipality				
Programme 2: Naivasha Municipal Services	Environmental Management and Sanitation	6,750,000	6,737,219	100
Education, Vocational training, ICT and E-Government				
Programme 3: Vocational Training	Vocational training infrastructure development	86,481,796	77,045,000	89
Assembly				
Assembly	Administration	250,000,000	107,995,337	43
Health Services				
Programme 3: Health Curative and Rehabilitative Services	Provision of Essential Health Services at all levels	1,190,551,269	255,372,749	21
Infrastructure				
Programme 2:Infrastructure Development and Maintenance	Construction, rehabilitation & maintenance of Roads, Drainage & Bridges	1,214,284,285	159,126,635	13
RECURRENT				
Lands, Physical Planning and Housing				
Administration Planning and Support	Personnel Services	51,201,046	38,359,467	75
Youth, Culture, Gender, Sports and Social Services.				
Programme 1: Administration, Planning and Support Services	Personnel Services	54,772,095	37,583,054	69
Office of The Governor and Deputy Governor				
Administration, Planning & Support	Personnel Services	105,369,861	70,859,749	67
County Treasury				
Programme 1: Administration, Planning and Support Services	Personnel Services	325,498,814	209,665,708	64
Infrastructure				
Programme 1:Administration, Personnel and Financial Services	Personnel Services	97,847,970	58,001,382	59

Source: *Nakuru County Treasury*

The development sub-programmes with the highest budget implementation rates were: Environmental Management and Sanitation in the Department of Naivasha Municipality at 100 per cent; Vocational training infrastructure development in the Department of Education, Vocational training, ICT, and E-Government at 89 per cent; and Administration at the Nakuru County Assembly at 43 per cent.

For recurrent sub-programmes, the top performers included: Personnel Services in the Departments of Lands, Physical Planning and Housing; Youth, Culture, Gender, Sports and Social Services; and the Office of the Governor and Deputy Governor, at 75, 69, and 67 per cent, respectively.

Table 3.472 summarises budget execution by programmes and sub-programmes in the period under review, with the lowest absorption rates.

Table 3.472: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Health Services				
Programme 2: Health Preventive and Promotive Services	Primary Health Care	418,773,041	-	-
Water, Environment, Energy and Natural Resources				
Programme 4: Climate Change Resilience and County Energy Development	Climate Change Resilience	300,063,748	-	-
County Treasury				
Programme 1: Administration, Planning and Support Services	Administration Services	245,188,403	-	-
Education, Vocational training, ICT and E-Government				
Programme 1: Administration, Planning and Support Services	Administration and Support Services	148,357,620	-	-
Health Services				
Programme 2: Health Preventive and Promotive Services	Nutrition	10,000,000	-	-
RECURRENT				
Education, Vocational training, ICT and E-Government				
Programme 2: Promotion of Early Childhood Education and Development	Bursaries	396,062,172	-	-
Education, Vocational training, ICT and E-Government				
Programme 2: Promotion of Early Childhood Education and Development	Promotion of early childhood	236,814,635	-	-
Public Service, Training and Devolution				
Programme 1 Administration, Planning and Support Service	Administration service	115,630,647	-	-
OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR				
Management of County Affairs	Policy Direction & Coordination	80,000,000	-	-
Education, Vocational training, ICT and E-Government				
Programme 1: Administration, Planning and Support Services	Administration and Support Services	66,744,372	-	-

Source: *Nakuru County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Primary Health Care in the Department of Health Services, Climate Change Resilience in the Department of Water, Environment, Energy and Natural Resources, and Administration Services at The County Treasury, all at zero per cent.

For recurrent sub-programmes, the lowest-performing included: Bursaries and Promotion of early childhood in the Department of Education; Vocational training, ICT, and E-Government in the Department of Public Service, Training and Devolution; and Administration service in the Department of Public Service, Training and Devolution, all at zero per cent.

3.31.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 311 accounts in commercial banks, including 208 accounts for Health Facilities, 72 accounts for Vocational Training Centres, 10 accounts for Established Funds, 8 revenue accounts, 12 special-purpose accounts (additional allocations), and 1 account for imprests at the Office of the Governor.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening the commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.31.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nakuru County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.1.39 billion against an annual target of Kshs.4.58 billion, representing 30 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.723.45 million on development activities, achieving a 10 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the Bursary Fund's lifespan had lapsed, while the Emergency Fund is about to lapse, making them ineligible for further withdrawals.
iv. High level of trade payables, which amounted to Kshs.2.16 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the payment plan for trade payables.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.206.09 million for 18 staff not onboarded into HRIS, 596 casual staff, and 38 security personnel; gratuity remittances to pension schemes for staff on contract; and LAPTRUST/LAPFUND Pension Contributions were processed through manual payroll, accounting for 6 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. The County reported Kshs.48.64 million under "*other operating expenses,*" accounting for 3 per cent of total operation and maintenance costs.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.32. County Government of Nandi

3.32.1 Overview of FY 2025/26 Budget

The Nandi County Approved Supplementary Budget for FY 2025/26 is Kshs.10.64 billion. It comprises Kshs.4.11 billion (39 per cent) and Kshs.6.53 billion (61 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.43 billion (16 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.99 billion and a recurrent budget of Kshs.6.21 billion. The increase in the budget was primarily attributed to the rise in equitable share and additional allocations.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.7.77 billion (73 per cent), additional allocations of Kshs.1.75 billion (16 per cent), and Kshs.1.12 billion (11 per cent) generated as own-source revenue. The remaining 0 per cent is expected from other financing sources. as shown in Table 3:474.

3.32.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.67 billion. This amount represented an increase of 139 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.1.54 billion. The total revenue consisted of Kshs.3.23 billion from the equitable share of revenue raised nationally, Kshs.141.99 million from additional allocations, and own-source revenue (OSR) collection of Kshs.306.18 million. The total OSR collection of Kshs.306.18 million included Kshs.214.61 million from Facility Improvement Financing (FIF) and Kshs.91.57 million from ordinary OSR sources.

The total OSR, including FIF. This amount was an increase of 92 per cent compared to Kshs.159.78 million realised in a similar period in FY 2024/25, and was 27 per cent of the annual target and 9 per cent of the equitable revenue share disbursed. Table 3:474 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.473: County, Revenue Performance in the First Half of FY 2025/26

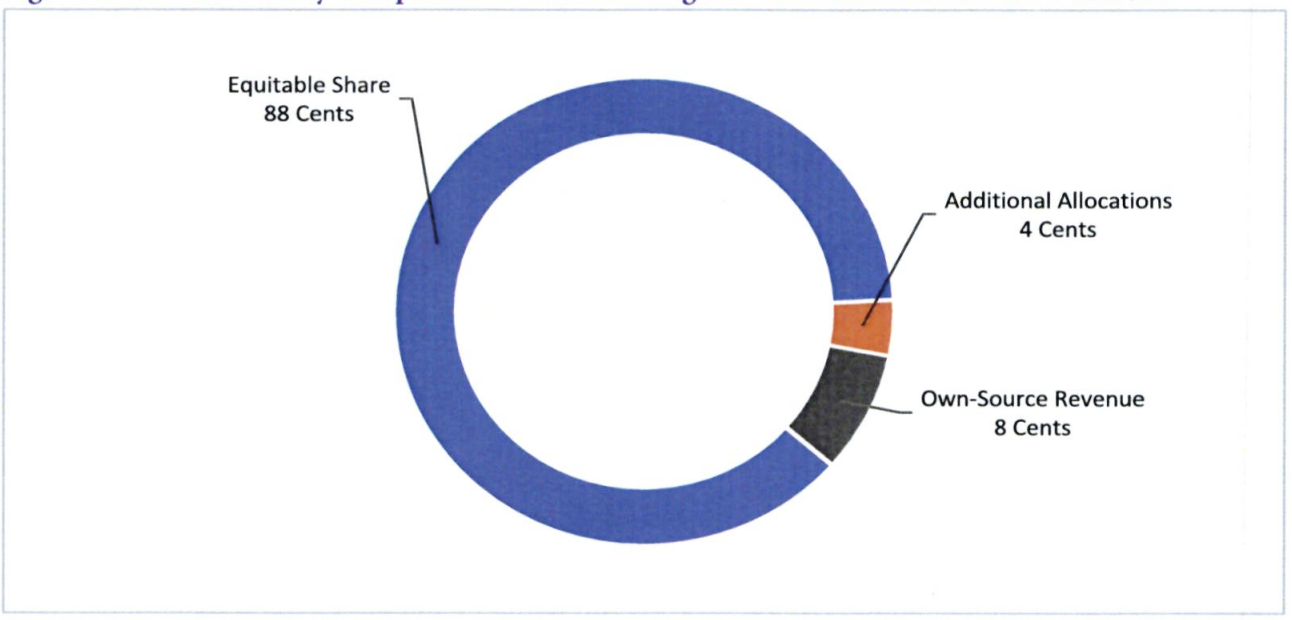
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)
		A	B	C	D=B+C
A	**Equitable Share of Revenue Raised Nationally**				
1	Equitable Share	7,771,778,066	3,225,287,897	-	
	Sub-Total	**7,771,778,066**	**3,225,287,897**	-	-
B	**Additional Allocations (Including Grants)**				
1	Financing Locally-Led Climate Action Programme	216,757,206	35,991,580		
2	Kenya Informal Settlements Improvement Project (KISIP)	208,354,058	106,000,000		
3	Establishment of the Industrial Park	133,368,421			-
4	RMLF 24/25	187,283,794			-
5	Community Health Promoters	96,660,000			
6	Settlement of Doctors' Arrears	26,764,781			
7	County Rural and Urban Affordable Committee	1,987,622			
8	Minerals Royalties 2025/2026	55,110,901			
9	Mineral Royalties for 2023/2024	55,110,901			
10	Mineral Royalties for 2024/2025	17,907,661			
11	KDSP I- Level I Grant World Bank	37,500,000			
12	KDSP II Level II Grant World Bank	352,500,000			
13	KDSP II- Level I Grant World Bank 2024/2025	37,500,000			
14	IDA (WORLD BANK). -National Agricultural Value Chain Development Project (NAVCDP)	231,250,000			-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)
		A	B	C	D=B+C
15	Kenya Urban Support Project (KUSP)-UIG	35,000,000			-
16	DANIDA- Primary Healthcare in Devolved Context	8,619,000			-
17	Kenya Urban Support Project (KUSP)-UDG	33,993,380			-
18	SWEDEN Kenya Agriculture Business Development Project	10,918,919			-
	Sub-Total	**1,746,586,644**	**141,991,580**	-	-
C	**Ordinary Own Source Revenue (OSR)**				
1	Ordinary Own Source Revenue (OSR)	669,206,584	91,565,031	-	
	Sub-Total	**669,206,584**	**91,565,031**	-	
D	**Facility Improvement Fund/Financing (FIF)**				
3	FIF	453,611,179	214,612,680		
	Sub-Total	**453,611,179**	**214,612,680**	-	-
H	**Other Revenues**				
	Grand Total	**10,641,182,473**	**3,673,457,188**	-	-

Source: *Nandi County Treasury*

Figure 187 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

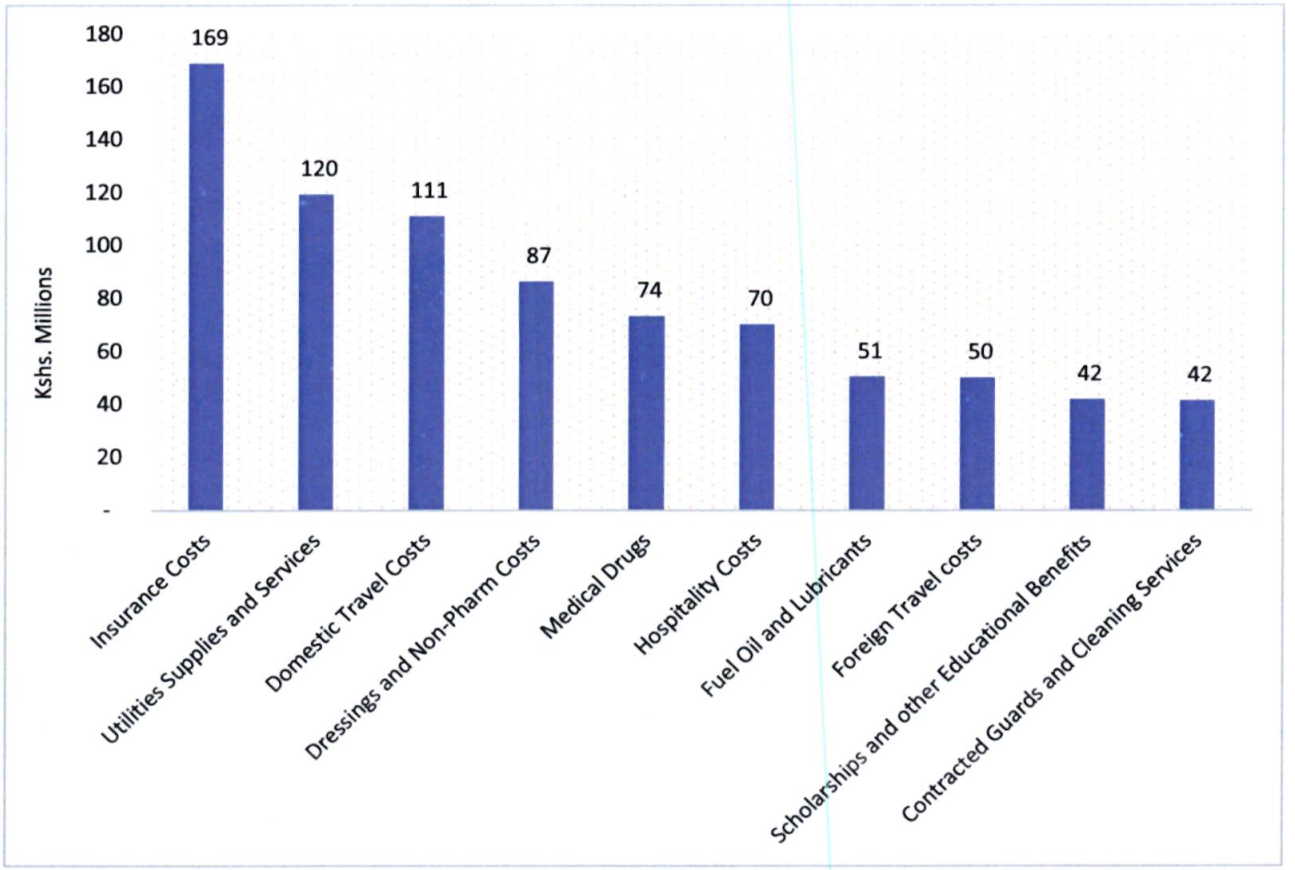
Figure 187: Nandi County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Nandi County Treasury*

Figure 188 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

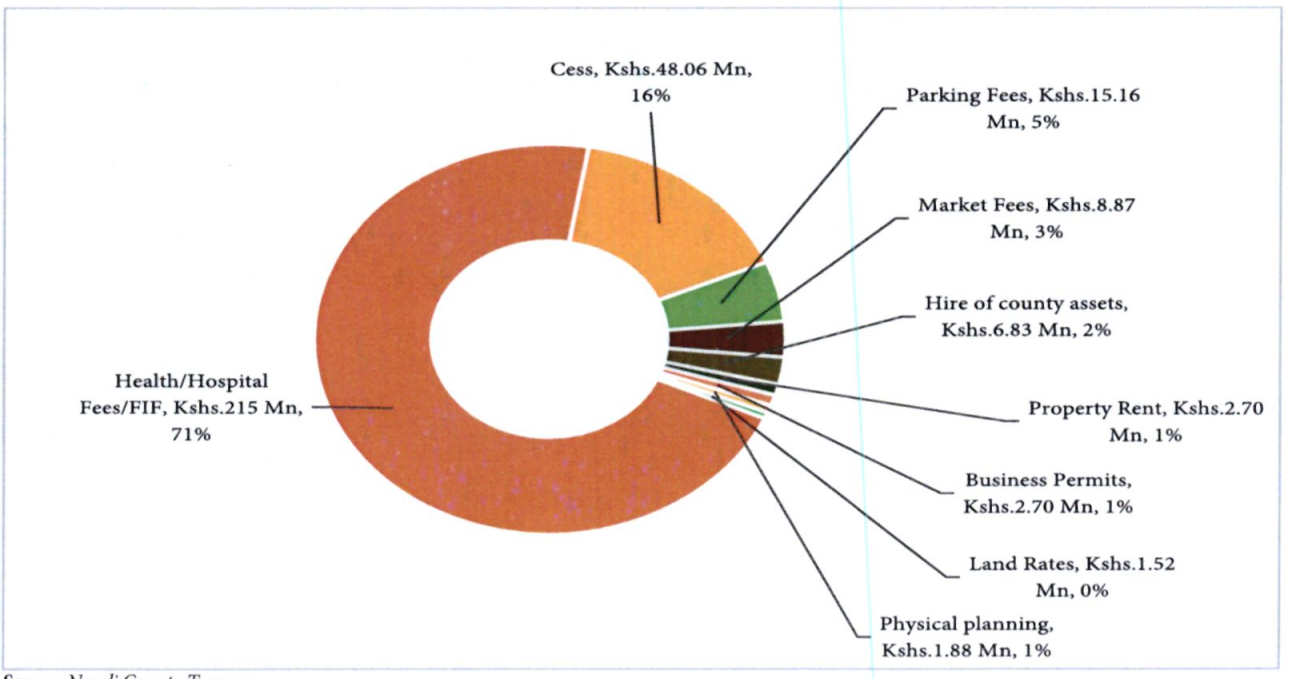
Figure 188: Nandi County Trend in Own-Source Revenue Collection from the First Half of FY 2022/23 to the First Half of FY 2025/26



Source: *Nandi County Treasury*

The revenue streams that contributed the most to OSR receipts are shown in Figure 189

Figure 189: Nandi County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Nandi County Treasury*

As shown in Figure 189, the highest revenue stream, at Kshs.215 million, was from FIF, accounting for 71 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.32.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County did not report revenue arrears.

3.32.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.67 billion from the Nandi County Revenue Fund (CRF) account. This amount represented 34 per cent of the total budget and consisted of Kshs.875.91 million (24 per cent) designated for development programmes and Kshs.2,797.55 billions (76 per cent) allocated to recurrent programmes.

An analysis of the released recurrent exchequers shows that Kshs.1.72 billion was allocated to employee compensation and Kshs.1.08 billion to operations and maintenance expenditures. Within the operations and maintenance category, 17 per cent was for domestic travel and 3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.178.11 million, which included Kshs.62.39 million for the County Executive and Kshs.115.72 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.30.40 million, with Kshs.6.58 million for the County Executive and Kshs.23.82 million for the County Assembly.

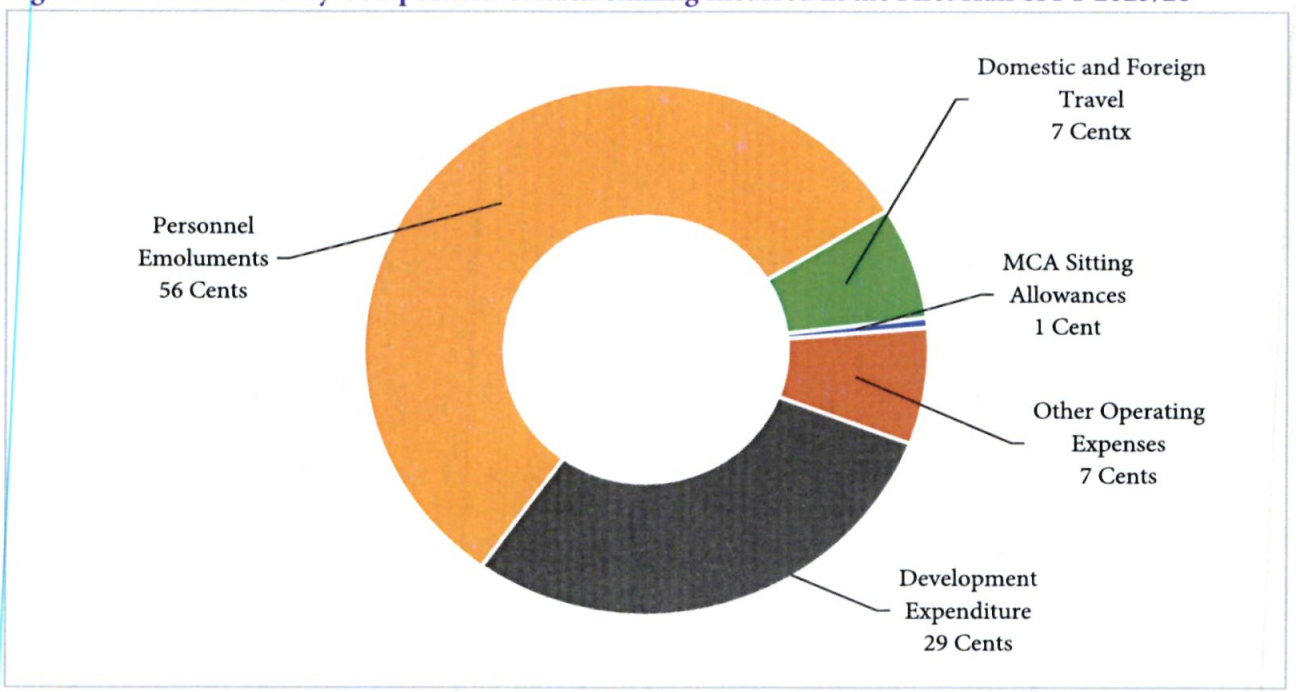
As of December 31, 2025, the County Government's cash balance in the Nandi County CRF account was Kshs.448.80 million

3.32.5 Expenditure Review

The County spent Kshs.3.67 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. The total expenditure comprised Kshs.875.91 million for development programmes and Kshs.2.80 billion for recurrent programmes. Expenditure on development programmes achieved an absorption rate of 21 per cent of the annual development budget, while recurrent expenditure represented 43 per cent of the annual recurrent budget.

Figure 190 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 190: Nandi County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Nandi *County Treasury & Assembly*

3.32.6 Expenditure by Economic Classification

The County Executive incurred Kshs.1.47 billion on compensation of employees, Kshs.948.36 million on operations and maintenance, and Kshs.875.91 million on development activities. Similarly, the County Assembly spent Kshs.254.23 million on employee compensation and Kshs.128.64 million on operations and maintenance, as shown in Table 3.474.

Table 3.474: Nandi County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Absorption (%) (b/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	5,718,776,684	811,140,379	2,414,680,860	382,870,300	42	47
Compensation of Employees	3,468,591,897	463,724,363	1,466,320,753	254,231,869	42	55
Operations and Maintenance	2,250,184,787	347,416,016	948,360,107	128,638,431	42	37
Development Expenditure	4,111,265,409	80,000,000	875,905,981	-	21	_
Total	**9,830,042,093**	**891,140,379**	**3,290,586,841**	**382,870,300**	**33**	**43**

***Source**: Nandi County Treasury*

3.32.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.993.22 million. This amount consisted of Kshs.993.22 million from the County Executive, while the County Assembly reported no outstanding trade payables. The trade payables from the County Executive comprised Kshs.379.49 million for recurrent expenditure and Kshs.613.74 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.431.42 million, comprising Kshs.119.99 million (27.8 per cent) for recurrent programmes and Kshs.311.42 million (72.1 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables as it had no outstanding debt. The outstanding trade payables as of 31st December 2025 were Kshs.561.81 million for the County Executive and nil for the County Assembly. Table 3.475 provides additional details of trade payables.

Table 3.475: Nandi County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	613,737,449	379,486,397	993,223,846
	County Assembly	-	-	-
	Total	**613,737,449**	**379,486,397**	**993,223,846**
Amount paid in FY 2025/26	County Executive	311,424,999	119,993,391	431,418,390
	County Assembly	-	-	-
	Total	**311,424,999**	**119,993,391**	**431,418,390**
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	302,312,450	259,493,007	561,805,456
	County Assembly	-	-	-
	Total	**302,312,450**	**259,493,007**	**561,805,456**

***Source**: Nandi County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.161.05 million and Kshs.145.26 million on recurrent and development expenditure, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.431.42 million to the Executive. Table 3.476 presents the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly.

Table 3.476: Nandi County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	148,878,088	122,747,490	30,686,872	-	302,312,450
Recurrent Trade Payables (Goods & Services)	176,005,999	45,538,368	37,948,640	-	259,493,007
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)				-	-
Recurrent Trade Payables (Staff Claims)				-	-
Total Recurrent Trade Payables	176,005,999	45,538,368	37,948,640	-	259,493,007

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Trade Payables	**324,884,087**	**168,285,857**	**68,635,512**	-	**561,805,456**
% of Total	**58**	**30**	**12**	_	**100**

Source: *Nandi County Treasury*

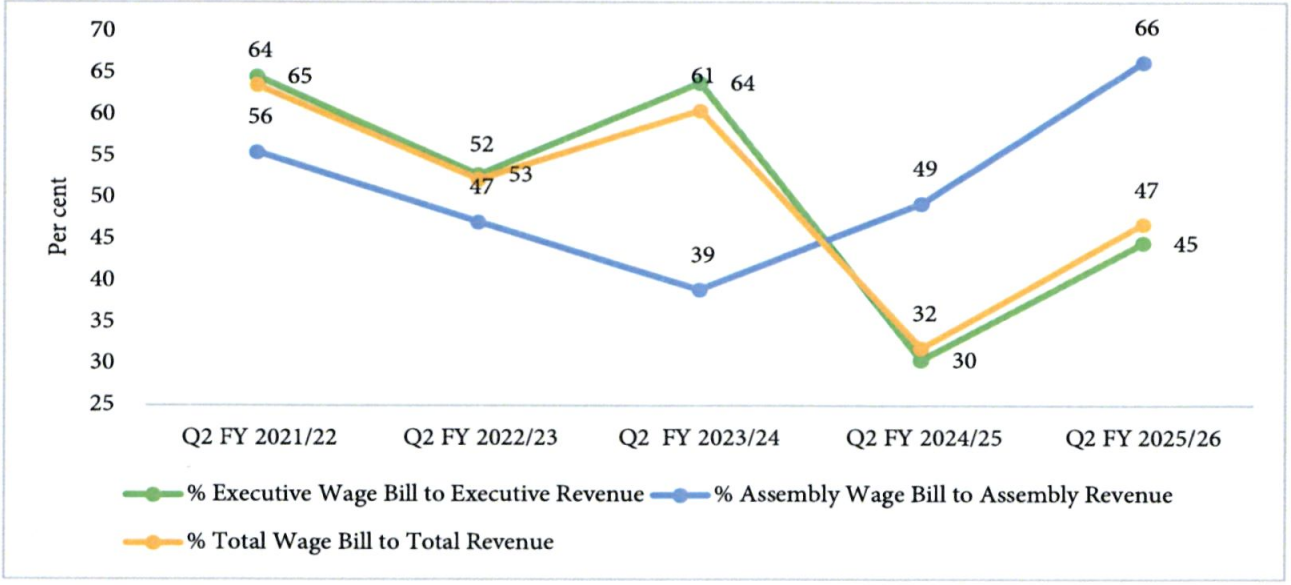
Most of the County's trade payables are recent, with 58 per cent (Kshs.324.88 million) outstanding for less than one year and 42 per cent (Kshs.236.92 million) aged between one and three years. To manage these balances, the County should apply a First-In-First-Out (FIFO) approach, paying older valid claims first to reduce the risk of penalties and legal claims and prevent balances from ageing further. Although the County cleared Kshs.431.42 million against a target of Kshs.306.31 million under the Trade Payables Action Plan, the plan should be strengthened by using FIFO to guide payments and ensure available funds are directed to older outstanding payables.

3.32.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.72 billion. The compensation-to-revenue ratio was 46.8 per cent. This expenditure on employee compensation shows an increase of 12.7 per cent compared to the Kshs.1.53 billion reported in a similar period in FY 2024/25. Of this total, Kshs.877.71 million is related to Health Sector employees, accounting for 51 per cent of the overall employees' compensation.

Figure 191 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 191: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2021/22 to the First Half of FY 2025/26



Source: *Nandi County Treasury*

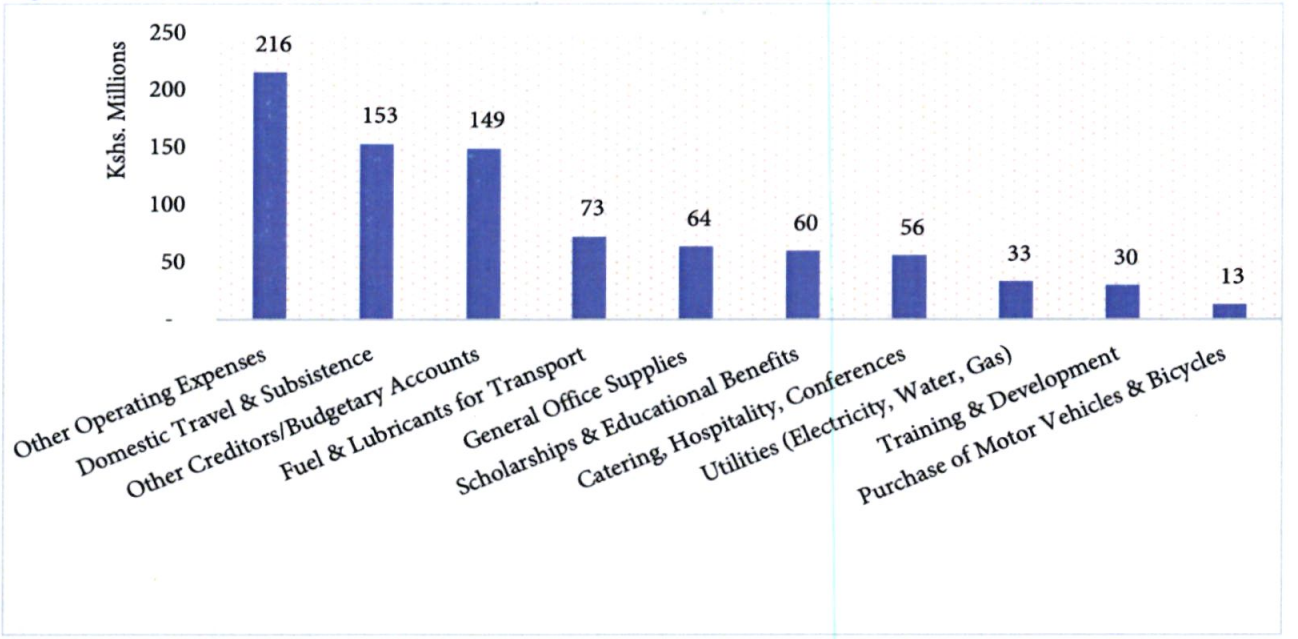
Further analysis indicated that PE costs amounting to Kshs.1.59 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.91.54 million was processed through manual payrolls, which accounted for 5 per cent of the total PE cost.

The County Assembly spent Kshs.18.66 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.32.83 million. The average monthly sitting allowance was Kshs.69,095 per MCA. The County Assembly has 24 House Committees.

3.32.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.08 billion on operations and maintenance, representing a decrease of 25.5 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.45 billion. Figure 192 summarises the Operations and Maintenance expenditure by major categories.

Figure 192: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: *Nandi County Treasury*

3.32.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.216 million on "*other operating expenses*," which is 20.04 per cent of the total operations and maintenance expenditure. This category of expenditure includes Kshs.3.52 million for legal fees and compensation payments.

3.32.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The county allocated Kshs.71 million to County-Established funds in FY 2025/26, or 0.7 per cent of the county's overall budget. Further, the county allocated Kshs.40 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.477 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.477: Performance of Nandi County Established Funds in the First Quarter of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds				
1	Nandi County Car and Mortgage Fund	2018	1,050,000	-	-	No
2	Nandi County Education Scheme	2016	30,000,000	-	-	Yes
3	Nandi County Emergency Fund	2020	40,000,000			Yes
4		**County Assembly Established Funds**				
5	Nandi County Assembly Car and Mortgage Fund	2018	-	-	-	-
	Total		71,050,000			

Source: *Nandi County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from 1 Fund Administrator, contrary to the requirement under Section 168 of the PFM Act, 2012. The county disclosed that administration costs of the Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that none the lifespan of the funds had lapsed.

3.32.12 County Corporations

The county has one County Corporation: the Kapsabet Nandi Water and Sanitation Company Ltd (KANAWASCO). The County did not provide the CoB with financial reports for the corporation during the review period.

3.32.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.178.11 million and comprised Kshs.115.72 million spent by the County Assembly and Kshs.62.39 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.40 million and comprised Kshs.23.82 million by the County Assembly and Kshs.6.58 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.478.

Table 3.478: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of officers travelled	Date travelled	Purpose of the travel	Destination	Total Cost of Travel (Kshs.)
County Executive	5	5th Oct 2025	OGP Summit	Spain	3,998,260
County Executive	1	25th Sept 2025	Integrated Agro-Industrial Park	Ethiopia	517,608

Source: Nandi County Treasury and County Assembly

3.32.14 Facility Improvement Financing

During the review period, the collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.231.62 million, as shown in Table 3.479.

Table 3.479: Nandi County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
2.	Level 4 Hospital	7	225,000,000	180,272,699	80
3.	Level 3 Facility	14	15,000,000	12,124,365	81
4.	Level 2 Facility	134	35,000,000	39,216,236	112
	Total		**275,000,000**	**231,613,300**	**91**

Source: *Nandi County Treasury*

3.32.15 Development Expenditure

In the review period, the County reported spending Kshs.875.91 million on development programmes, representing an increase of 18.1 per cent compared to FY 2024/25, when the County spent Kshs.741.57 million. Table 3.480 summarises the development projects with the highest expenditure in the reporting period.

Table 3.480: Nandi County, List of Development Projects with the Highest Expenditure

Project Name	Sector	Project Location	Contract Sum (KSh)	Amount Paid to Date (KSh)	Contract Variation (KSh)	Implementation Status (% of Completion)
Construction of Amkawo Box Culvert	Trade and Investment	Chemase	4,544,636	4,412,268	-	100
Construction of the Kaptumo Water Project	Water and Natural Resources	Kaptumo/Kaboi	4,612,893	4,478,537	-	100
Construction of Kobujoi OPD	Health and Sanitation	Kobujoi	6,224,820	6,043,515	-	100
Construction of MCA Office-Stenkuku-Kipsende	Transport and Infrastructure	Kemeloi Maraba	3,583,400	3,479,029	-	100
Construction of MCH at KCRH	Health and Sanitation	Kapsabet	4,265,030	4,140,806	-	100

Project Name	Sector	Project Location	Contract Sum (KSh)	Amount Paid to Date (KSh)	Contract Variation (KSh)	Implementation Status (% of Completion)
Maintenance of Chepnoet-Tuiyabei Road	Transport and Infrastructure	Ndalat	4,410,312	4,281,856	-	100
Maintenance of Chepterit-Kapsean-Belekenya Road	Transport and Infrastructure	Kosirai	4,739,987	4,601,930	-	100
Maintenance of Chiria Emzoo Kapkemich Road	Transport and Infrastructure	Kabwareng	3,747,532	3,638,381	-	100
Maintenance of Kamoiywo Chiefs' Office Kabuson	Education	Kabiyet	3,785,264	3,675,014	-	100
Renovation and Parking in Kaptumo	Health and Sanitation	Kaptumo/Kaboi	3,936,834	3,822,169	-	100

Source: *Nandi County Treasury*

The County did not report development projects as of 31st December 2025. Budget Performance by Department Table 3.481 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.481: Nandi County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	397	48	212	5	212	5	98.7	98.7	53.3	10.7
Health and Sanitation	2,732	200	1,036	80	1,036	80	98.7	98.7	37.9	39.9
Public Service and Labour	64	-	30	-	30	-	98.7	-	46.3	-
County Assembly	811	80	383	-	383	-	98.7	-	47.2	-
Kapsabet Municipality	73	148	83	8	83	8	98.7	98.7	113.2	5.3
Office of the County Attorney	85	1	60	-	60	-	98.7	-	71.0	-
Finance and Economic Planning	577	18	293	3	293	3	98.7	98.7	50.7	15.4
Administration, Public Service and E-Government	540	382	150	5	150	5	-	-	-	-
Agriculture and Co-operatives Development	231	379	113	89	113	89	-	-	-	-
Sports, Youth Affairs, Culture and Heritage	86	61	44	17	44	17	-	-	-	-
Education and Vocational Training	403	279	185	100	185	100	-	-	-	-
Lands, Environment, Natural Resources and Climate Change	160	794	71	275	71	275	98.7	98.7	44.4	34.7
Transport, Public Works and Infrastructure Development	185	614	68	172	68	172	98.7	98.7	37.0	28.0
Trade, Tourism, Industrialisation, and Enterprise Development	91	299	37	64	37	64	98.7	98.7	40.6	21.5
Culture, Gender and Social Welfare	46	31	21	-	21	-	98.7	-	45.0	-
Kaimosi Agricultural Training Centre	48	69	13	57	13	57	98.7	98.7	27.7	82.2
Total	6,530	3,404	2,798	876	2,798	876	98.7	98.7	42.8	25.7

Source: *Nandi County Treasury*

Analysis of departmental expenditure shows that the Department of Kaimosi Agricultural Training Centre recorded the highest absorption rate of the development budget at 82.2 per cent, followed by the Department of Lands, Environment, Natural Resources and Climate Change at 34.7 per cent. The Department of Kapsabet Municipality had the highest recurrent expenditure-to-budget ratio at 113.2 per cent, while the Department of Health and Sanitation had the lowest at 37.9 per cent.

3.32.16 Budget Execution by Programmes and Sub-Programmes

Table 3.482 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.482: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Approved Budget (Kshs.)	Expenditure as at 31 Dec 2025 (Kshs.)	Absorption Rate ( )
Culture	Public Records & Archives Management	34,698,875	19,787,660	**57**
General Administration	Planning & Support Services	891,140,379	388,171,935.50	**43.6**
Education / Sector Admin	Planning & Support Services	1,848,022,603	794,037,495.90	**43**
Transport / Sector Admin	Planning & Support Services	91,320,826	37,562,440	**41.1**
Health	Preventive & Promotive Health Services	3,000,511,985	1,131,223,887.25	**37.7**

Source: *Nandi County Treasury*

The programmes with the highest budget implementation rates during the period under review included Public Records and Archives Management, which recorded an absorption rate of 57 per cent, followed by General Administration and Planning and Support Services, with absorption rates of 43.6 per cent. Table 3.483 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.483: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Approved Budget (Kshs.)	Expenditure as at 31 Dec 2025 (Kshs.)	Absorption Rate (%)
Sports / Culture	Human Resource Management	72,680,500	7,951,360	10.9
Legislature	Legislation & Representation	3,065,057,970	736,836,256	24
Sector Admin	Planning & Support Services	7,999,000	2,817,958	35.2
Lands	Land Policy & Planning	1,445,064,529	536,857,375	37.2
Sector Admin	Planning & Support Services	184,685,805	69,193,769	37.5

Source: *Nandi County Treasury*

The programmes with the lowest budget implementation rates during the period under review included Human Resource Management under the Sports and Culture sector, which recorded an absorption rate of 10.9 per cent. This was followed by Legislation and Representation under the Legislature, which absorbed 24.0 per cent of its approved budget. Planning and Support Services under Sector Administration also recorded relatively low absorption at 35.2 per cent. In addition, Land Policy and Planning under the Lands sector and Planning and Support Services under Sector Administration recorded absorption rates of 37.2 per cent and 37.5 per cent,

3.32.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 10 accounts with commercial banks, including There is one account designated for banking revenue from Kaimosi ATC operations, 2 Imprest Accounts for managing petty cash, one account for the National Agricultural and Rural Inclusive Growth Project, one account for the County Development Support Programme, one account for the Urban Development Grant, one account for the Urban Infrastructure Grant, one account for youth service programmes and initiatives, one account for health operations and services, and one account for deposits and retentions.

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

3.32.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nandi County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 9th February 2026.
ii. The underperformance of own-source revenue at Kshs.306.18 million against an annual target of Kshs.1.12 billion, representing 27 per cent of the financial year target.
iii. The County spent Kshs.875.91 million on development activities, achieving an absorption rate of 21 per cent against the annual development budget of Kshs.4.11 billion. While an improvement from previous years, it remains below the expected half-year threshold.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

3.33. County Government of Narok

3.33.1 Overview of FY 2025/26 Budget

The Narok County Approved Budget for FY 2025/26 is Kshs.17.23 billion. It comprises Kshs.6.21 billion (36 per cent) and Kshs.11.02 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.336.46 million (2 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.33 billion and a recurrent budget of Kshs.12.23 billion.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.9.65 billion (56 per cent), additional allocations of Kshs.1.21 billion (7 per cent), a cash balance of Kshs.59.88 million (below 1 per cent) brought forward from FY 2024/25, and Kshs.6.21 billion (36 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.484.

3.33.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.6.67 billion. This amount represented a decrease of 25 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.8.95 billion. The total revenue consisted of Kshs.4.05 billion from the equitable share of revenue raised nationally, nil amount on additional allocations from the national government, as well as own-source revenue (OSR) collection of Kshs.2.56 billion. Additionally, the County had a cash balance of Kshs.59.88 million from FY 2024/25. The total OSR collection of Kshs.2.56 billion included Facilities Improvement Financing (FIF) of Kshs.76.21 million, AIA of Kshs.32.66 million and Kshs.2.45 billion from other OSR sources. Table 3.484 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.484: Narok County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF		59,884,373		59,884,373	- 59,884,373
2	County Executive Refunds to CRF		977,149		977,149	- 977,149
3	County Assembly Refunds to CRF		10,389		10,389	- 10,389

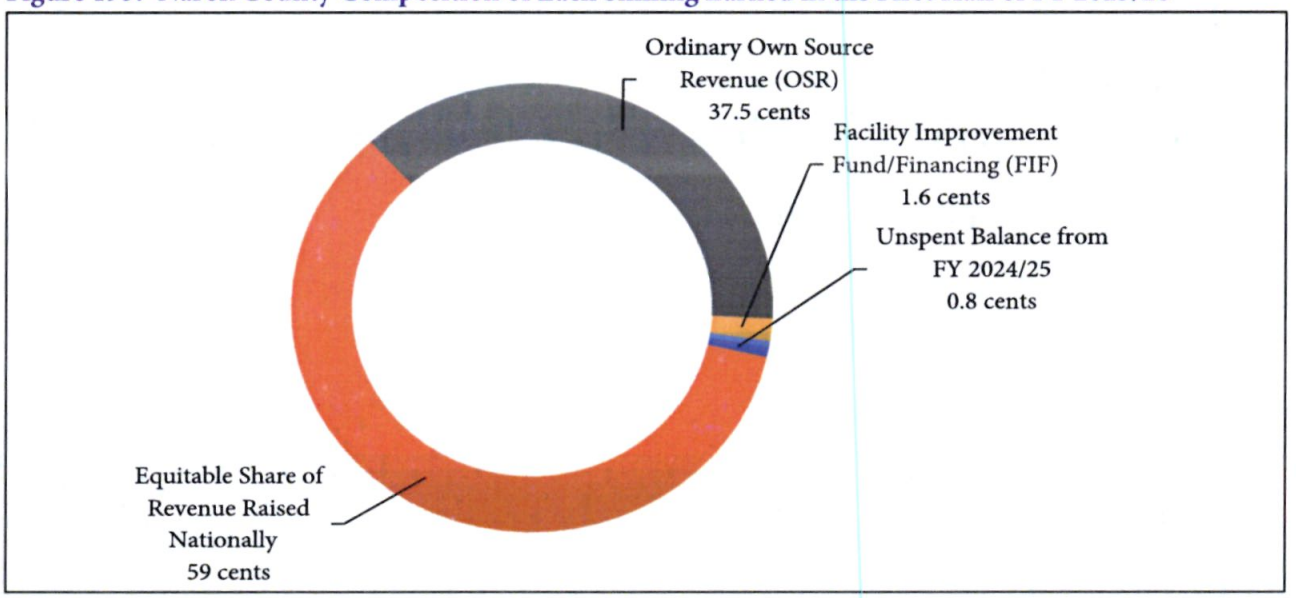
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
	Sub-Total	-	**60,871,912**	-	**60,871,912**	**- 60,871,912**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	9,646,933,000	4,054,681,615	781,625,372	4,836,306,987	4,810,626,013
	Sub-Total	**9,646,933,000**	**4,054,681,615**	**781,625,372**	**4,836,306,987**	**4,810,626,013**
C	**Additional Allocations (Including Grants)**					
1	Allocation for Mineral Royalties	13,000,000			-	13,000,000
2	County Aggregated Industrial Park (CAIP)	250,000,000			-	250,000,000
3	World Bank Loan- NAVCDP	151,515,152			-	151,515,152
4	DANIDA Grant -PHC	12,382,500			-	12,382,500
5	Kenya Devolution Support Programme (KDSPII)	352,000,000			-	352,000,000
6	Kenya Agricultural Business Development Project (KABDP)	10,918,919			-	10,918,919
7	Kenya Devolution Support Programme (KDSPII)	37,500,000			-	37,500,000
8	Kenya Urban Support Programme (KUSP II) UIG	35,000,000			-	35,000,000
9	Kenya Urban Support Programme (KUSP II) UDG	71,235,901			-	71,235,901
10	Financing Locally Led Climate Action (FLLoCA) Dev	200,000,000			-	200,000,000
11	Community Health Promoters (CHP) Projects	49,800,000			-	49,800,000
12	Basic Arrears for County Government Health Workers	21,496,514			-	21,496,514
13	UNFPA	7,400,000			-	7,400,000
	Sub-Total	**1,212,248,986**	-	-	-	**1,212,248,986**
D	**Ordinary Own Source Revenue (OSR)**					
1	Cess Revenue	294,269,909	100,375,373	-	100,375,373	193,894,536
2	Markets & Slaughter Fees	50,098,805	4,115,110		4,115,110	45,983,695
3	House Rents	17,200,000	1,951,970		1,951,970	15,248,030
4	Conservancy & Solid Waste Disposal	8,531,250	244,000		244,000	8,287,250
5	Vehicle Parking	36,000,000	7,207,151		7,207,151	28,792,849
6	Land Rates	122,376,084	2,351,549		2,351,549	120,024,535
7	Advertising	5,658,531	936,050		936,050	4,722,481
8	Public Health Services	5,000,000	107,500		107,500	4,892,500
9	Hire Of County Assets	412,903			-	412,903
10	Single Business Permits	84,341,469	4,579,397		4,579,397	79,762,072
11	Proceeds From Sale of Assets	31,660,000			-	31,660,000
12	Other Fines, Penalties and Forfeitures	282,316	644,000		644,000	- 361,684
13	Physical Planning and Development	54,226,795	6,376,023		6,376,023	47,850,772
14	Miscellaneous Income	5,776,559	5,460,946		5,460,946	
15	Park Fees	5,489,629,570	2,313,344,198	586,956,513	2,900,300,710	
	Sub-Total	**6,205,464,191**	**2,447,693,267**	**586,956,513**	**3,034,649,780**	**581,169,939**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
E	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF		42,270,363	34,973,739	77,244,102	- 77,244,102
2	Defunct NHIF		-	18,947,300	18,947,300	- 18,947,300
3	User Fees	120,951,908	33,940,690	-	33,940,690	87,011,218
	Sub-Total	**120,951,908**	**76,211,053**	**53,921,039**	**130,132,092**	**- 9,180,184**
F	**Appropriations in Aid**					
1	Administration Control fees	45,461,915	32,657,086	842,914	33,500,000	11,961,915
	Sub-Total	**45,461,915**	**32,657,086**	**842,914**	**33,500,000**	**11,961,915**
	Grand Total	17,231,060,000	6,672,114,989	1,423,345,845	8,095,460,771	6,545,954,757

Source: *Narok County Treasury*

Figure 193 provides a detailed breakdown of receipts, showing the earnings for each shilling.

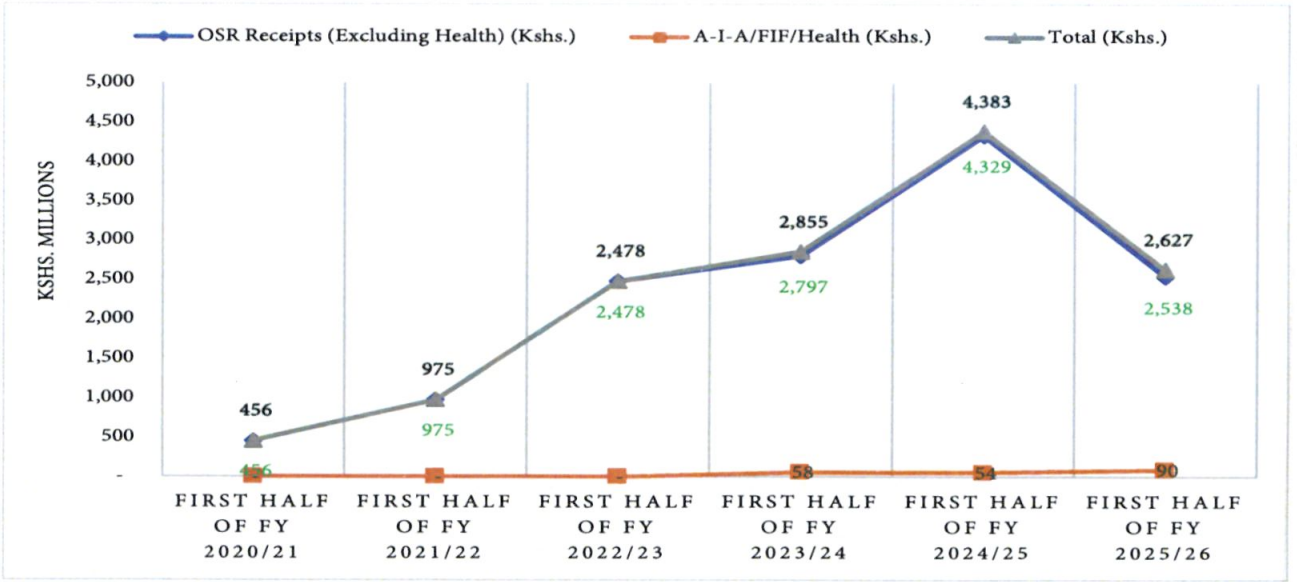
Figure 193: Narok County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Narok County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 60 per cent, 38 per cent, and 2 per cent, respectively, to total receipts for the reporting period. Figure 194 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 194: Narok County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

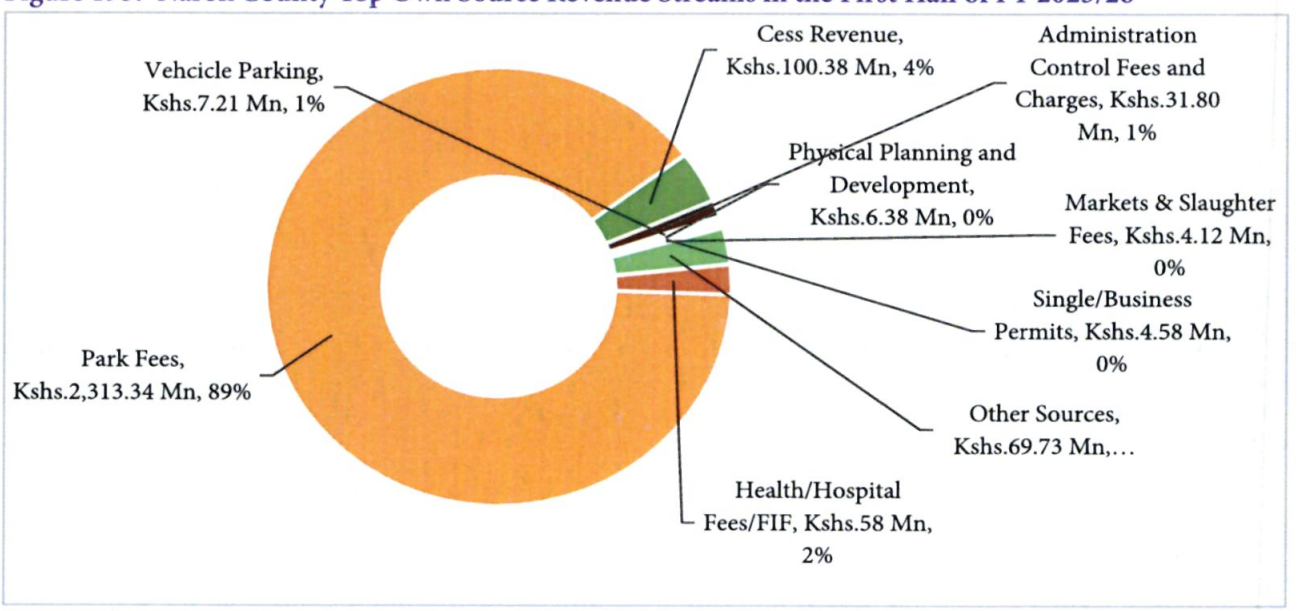


***Source: Narok** County Treasury*

During the first half of FY 2025/26, the County received Kshs.2.63 billion from OSR, including FIF. This amount was a decrease of 40 per cent compared to Kshs.4.38 billion realised in a similar period in FY 2024/25, and was 41 per cent of the annual target and 65 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to a shift in peak seasons for revenue from parks, the major source of revenue. The revenue streams that contributed the most to OSR receipts are shown in Figure 195

Figure 195: Narok County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Narok County Treasury

As shown in Figure 195, the highest revenue stream is at Kshs.2.31 billion, was from Park Fees, accounting for 89 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.33.3 Revenue Arrears/ Receivables

As of 31st December 2025, the County reported revenue arrears of Kshs.586.96 million, Table 3.485 presents a breakdown of the County's revenue arrears.

Table 3.485: Narok County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
D	**Ordinary Own Sources of Revenue**					
1	**Park Fees**					586,956,513
	Sub-Total	-	-	-	-	**586,956,513**
E	**Facility Improvement Fund (FIF)**					
1	SHIF					34,973,739
2	Defunct NHIF					18,947,300
	Sub-Total	-	-	-	-	**53,921,039**
F	**Other Appropriations in Aid**					
1	Administration and Control Fees					842914
	Sub-Total	-	-	-	-	**842,914**
	Grand Total	-	-	-	-	**641,720,466**

Source: *Narok County Treasury*

3.33.4 Borrowing by the County

The County did not disclose any borrowing during the reporting period.

3.33.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.49 billion from the Narok County Revenue Fund (CRF) account. This amount consisted of Kshs.1.32 billion (24 per cent) designated for development programs, and Kshs.4.17 billion (76 per cent) allocated for recurrent programs.

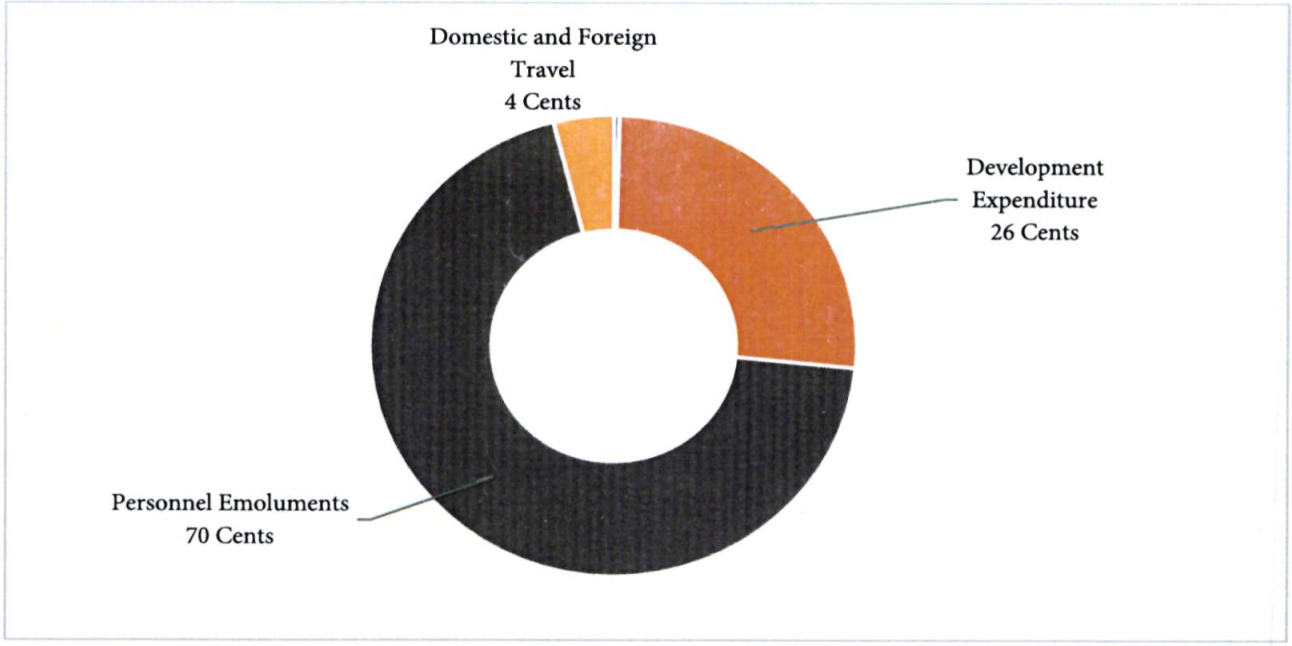
An analysis of the released recurrent exchequers shows that Kshs.2.96 billion was allocated for employee compensation, and Kshs.1.21 billion for operations and maintenance expenditures. Within the operations and maintenance category, 15 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.161.41 million, which included Kshs.74.33 million for the County Executive and Kshs.87.09 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.7.81 million, with Kshs.4.13 million for the County Executive and Kshs.3.68 million for the County Assembly.

3.33.6 Expenditure Review

The County spent Kshs.5.19 billion on development and recurrent programmes during the reporting period. The expenditure represented 94 per cent of the total funds released by the CoB. It comprised Kshs.1.12 billion for development programmes and Kshs.4.07 billion for recurrent programmes. Expenditure on development programmes accounted for 21 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 45 per cent of the annual recurrent expenditure budget.

Figure 196 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 196: Narok County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Narok *County Treasury*

As shown in Figure 196, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic & Foreign Travel, which contributed 70, 26, and 4 per cent of total expenditure for the reporting period, respectively.

3.33.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.6.75 billion. This amount consisted of Kshs.6.73 billion from the County Executive and Kshs.17.92 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.4.99 billion for recurrent expenditure and Kshs.1.74 billion for development expenditure.

.During the reporting period, the County Executive settled trade payables amounting to Kshs.1.55 billion, comprising Kshs. Kshs.1.28 billion (83 per cent) for recurrent programmes and Kshs.266.97 million (17 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables. The outstanding trade payables as of 31st December 2025 were Kshs.5.19 billion for the County Executive and Kshs.21.80 million for the County Assembly. Table 3.486 provides additional details of trade payables.

Table 3.486: Narok County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,739,741,989	4,992,660,482	6,732,402,471
	County Assembly	-	17,915,131	17,915,131
	Total	1,739,741,989	5,010,575,613	6,750,317,602
Amount paid in FY 2025/26	County Executive	266,972,777	1,280,418,454	1,547,391,231
	County Assembly		1,600,000	1,600,000
	Total	266,972,777	1,282,018,454	1,548,991,231
Trade Payables Incurred in FY 2025/26	County Executive	-		-
	County Assembly	-	5,485,560	5,485,560
	Total	-	5,485,560	5,485,560
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	1,472,769,212	3,712,242,028	5,185,011,240
	County Assembly		21,800,691	21,800,691
	Total	1,472,769,212	3,734,042,719	5,206,811,931

Source: *Narok County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay trade payables from the second quarter. The county adhered to this payment plan, as it cleared Kshs.1.55 billion to the Executive and Kshs.1.60 million to the Assembly.

Table 3.487 and Table 3.488 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.6.73 billion.

Table 3.487: Narok County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	1,262,026,447			210,742,765	1,472,769,212
Recurrent Trade Payables (Goods & Services)	1,712,161,210	41,427,338	393,807,419		2,147,395,967
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	814,846,062	750,000,000			1,564,846,062
Recurrent Trade Payables (Staff Claims)					-
Recurrent Trade Payables	2,527,007,272	791,427,338	393,807,419	-	3,712,242,029
Executive Trade Payables	3,789,033,719	791,427,338	393,807,419	210,742,765	5,185,011,241
% of Executive Trade Payables	73	15	8	4	100

Source: *Narok County Treasury*

Table 3.488: Narok County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	21,800,691	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	21,800,691	-	-	-	21,800,691
Assembly Trade Payables	21,800,691	-	-	-	21,800,691
% of Assembly Payables	100	-	-	-	100

Source: Narok *County Treasury*

3.33.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.74 billion on compensation of employees, Kshs.1.03 billion on operations and maintenance, and Kshs.1.12 billion on development activities. Similarly, the County Assembly spent Kshs.215.54 million on compensation of employees, Kshs.98.81 million on operations and maintenance, and nil on development activities, as shown in Table 3.489.

Table 3.489: Narok County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
County Executive					
Recurrent	**10,140,195,051**	**3,749,565,770**	**814,846,062**	**4,564,411,832**	**45**
Compensation to Employees	5,109,706,795	2,723,792,145	814,846,062	3,538,638,206	69
Operations & Maintenance	5,030,488,256	1,025,773,626		1,025,773,626	20
Development	**6,062,240,440**	**1,121,889,595**			-
Executive Sub-total	**16,202,435,491**	**4,871,455,365**	**814,846,062**	**4,564,411,832**	**28**
County Assembly					

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
Recurrent	**878,624,509**	**314,351,040**	**47,633,053**	**361,984,093**	**41**
Compensation to Employees	635,068,962	215,544,855	47,633,053	263,177,908	41
Operations & Maintenance	243,555,547	98,806,185		98,806,185	41
Development	**150,000,000**	-			
Assembly Sub-total	**1,028,624,509**	**314,351,040**	**47,633,053**	**361,984,093**	**35**
Combined County Totals					
Total Recurrent	**11,018,819,560**	**4,066,653,448**	**862,479,115**	**4,926,395,925**	**45**
Compensation to Employees	5,744,775,757	2,939,337,000	862,479,115	3,801,816,114	66
Operations & Maintenance	5,274,043,803	1,127,316,449	-	1,124,579,811	21
Total Development	**6,212,240,440**	**1,121,889,595**	-	-	-
Grand Total	**17,231,060,000**	**5,185,806,405**	**862,479,115**	**4,926,395,925**	**29**

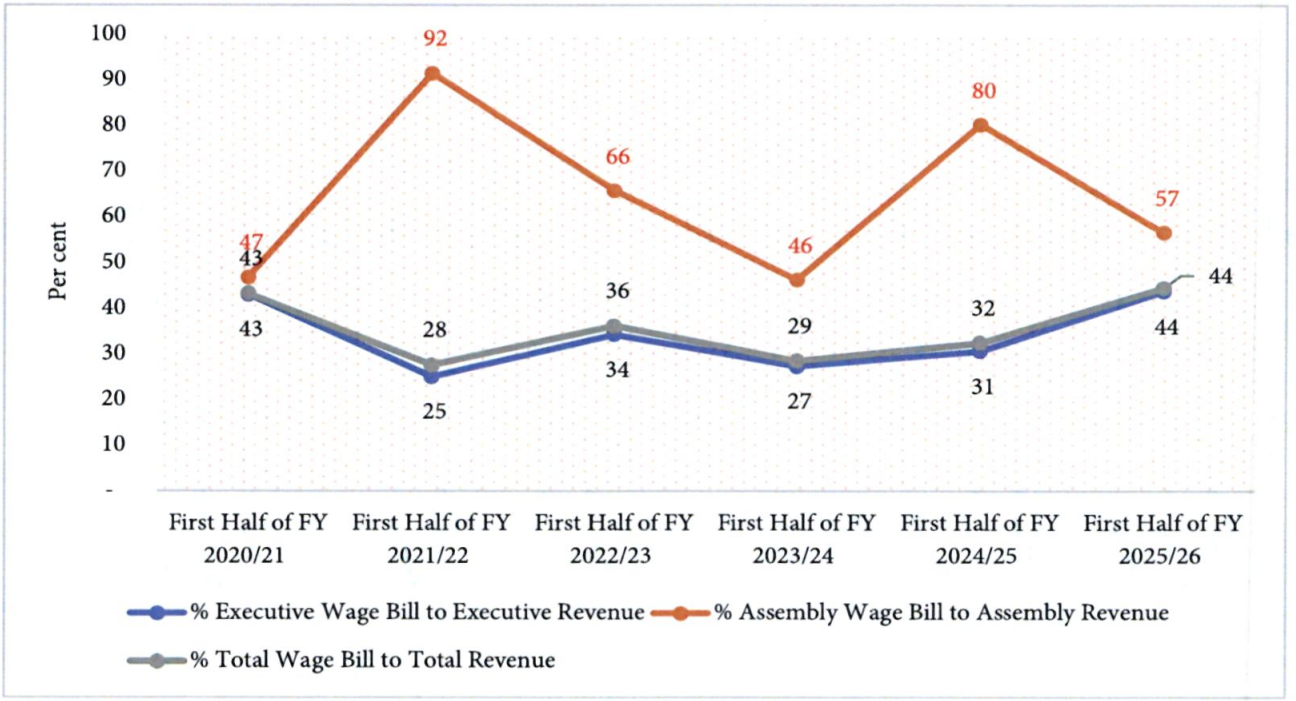
***Source**: Narok County Treasury*

3.33.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.94 billion. This expenditure on employee compensation shows an increase compared to the Kshs.2.88 billion reported in a similar period in FY 2024/25. Of this total, Kshs.686.99 million related to Health Sector employees, accounting for 23 per cent of the overall employees' compensation.

Figure 197 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 197: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Narok County Treasury

Further analysis indicated that PE costs totalling Kshs.2.72 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.379,612 was processed through manual payroll, which accounted for less than 1 per cent of the total PE cost.

The manual payroll comprised salaries for 1 staff member who was not onboarded into the Human Resource Information System (HRIS) and gratuity for 6 staff members, as shown in Table 3.490.

Table 3.490: Breakdown of Narok County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for 1 staff paid outside the Human Resource Information System (HRIS)	110,940		110,940
Salaries for 6 staff who exited the service for various reasons (final dues)	268,672		268,672
Total	379,612	-	379,612

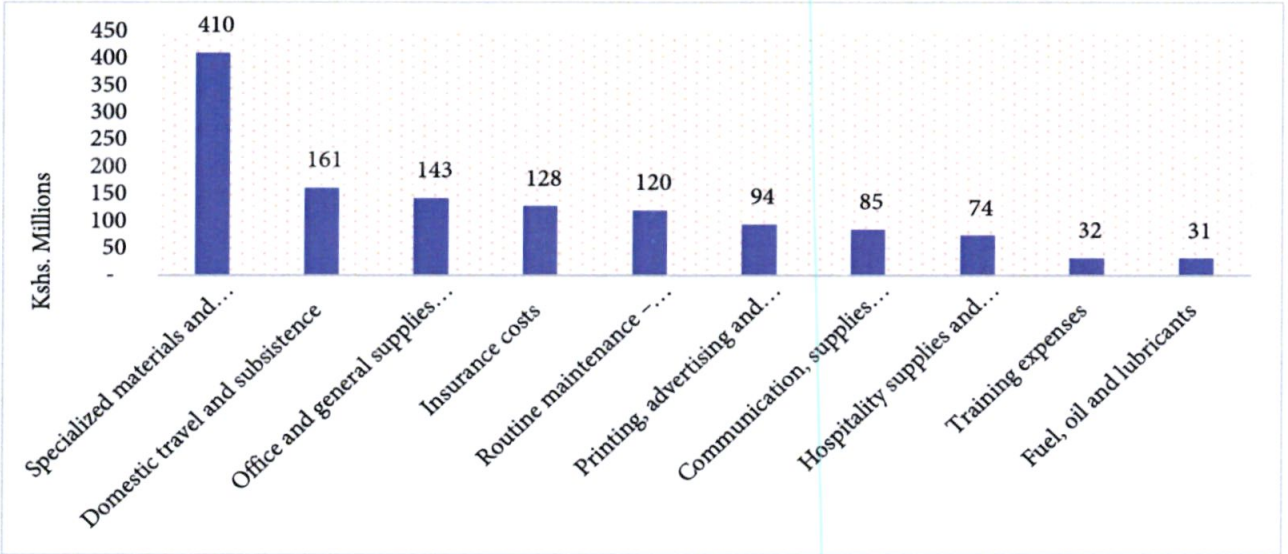
Source: Narok County Treasury

The County Assembly spent Kshs.15.21 million on committee sitting allowances for the 50 MCAs, against the annual budget allocation of Kshs.35.11 million. The average monthly sitting allowance was Kshs.50,700 per MCA. The County Assembly has 21 House Committees.

3.33.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.03 billion on operations and maintenance, representing a decrease of 73 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.3.76 billion. Figure 198 summarises the Operations and Maintenance expenditure by major categories.

Figure 198: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: *Narok County Treasury*

3.33.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.680 million to County-Established funds in FY 2025/26. Table 3.491 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.491: Performance of Narok County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds					
1	Bursary Fund	450,000,000	_	_	No
2	Car Loan & Mortgage	150,000,000	_	_	No
3	Narok County Alcoholic Drinks Control and Regulation Fund	_	_	_	No
County Executive Established Funds					

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
4	Car Loan & Mortgage	80,000,000	_	_	No
	Total	680,000,000	-	-	-

Source: *Narok County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated inTable 3:492, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.33.12 County Corporations

The County has 1 county corporation, Narok Water and Sewerage Services Company, which received no allocation during the review period.

3.33.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.161.41 million and comprised Kshs.87.09 million spent by the County Assembly and Kshs.74.33 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.81 million and comprised Kshs.3.68 million by the County Assembly and Kshs.4.13 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.492.

Table 3.492: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	2	17th to 25th October 2025	Engineers' Study Trip (Industrial tour)	China	1,941,300
Executive	2	11th to 22nd August 2025	ESAMI Training on Gender mainstreaming and inclusion of Legislature.	Singapore	2,805,098

Source: Narok County Treasury

3.33.14 Development Expenditure

In the review period, the County reported spending Kshs.1.12 billion on development programmes, representing a decrease of 28 per cent compared to FY 2024/25, when the County spent Kshs.1.56 billion. Table 3.493 summarises the development projects with the highest expenditure in the reporting period.

Table 3.493: Narok County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
1	Environment, Water, Energy and Natural Resources	Construction Of Chepkutet Springs	Sagamian Ward			13,478,367	13,478,015	-	13,478,015	100
2	Education and Social Services	Construction Of Dormitories at Olmariko Secondary School	Olposimoru ward			28,997,242.68	18,107,855.20		18,107,855.20	62
3	Education and Social Services	Construction Classroom and staff quarters at Masaantare School	Ololunga Ward			18,640,776	11,688,606		11,688,606	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
4	Agriculture, Livestock and Fisheries	Construction Of Livestock Sales Yard Naarosura	Maji moto -Narusora ward			10,061,754	10,061,754		10,061,754	100
5	Agriculture, Livestock and Fisheries	Construction Of Modern Sale Yard at Mulot	Ilmotiook Ward	9th May,2025	17th July,2025	28,844,219	28,868,419		28,868,419	100
6	Public Works, Roads and Transport	Repair and Maintenance of County Government Machinery	Narok Town Ward	1st January,2024	31st December,2025	26,360,477	26,360,477		26,360,477	100
7	Agriculture, Livestock and Fisheries	Construction of Livestock Saleyard at Maji Moto	Maji moto -Narusora ward	20th March 2025	45809	24,100,822	20,085,727		20,085,727	83
8	Agriculture, Livestock and Fisheries	Construction Of Livestock Saleyard at Mosiro	Mosiro Ward	5th March 2025	28th Sept 2025	23,800,000	23,800,000		23,800,000	100
9	Health &Sanitation	Construction Takitech Dispensary and Associated Works	Olomaasani Ward	24th February,2025	24-Sep-25	29,516,246	10,352,101		10,352,101	35
10	Education and Social Services	Construction Of Nairagie Enkare VTC	Keekonyokie Ward	25th November 2024	1-Jun-24	15,760,846.50	10,662,696		10,662,696	100

Source: *Narok County Treasury*

3.33.15 Budget Performance by Department

Table 3.494 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.494: Narok County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County assembly	878.62	150	385.34	_	317.09	_	82	-	36	-
County Executive	272.38	_	130.01	_	128.81	_	99	-	47	-
Finance & Economic Planning	1,295.33	220	326.41	_	325.20	_	100	-	25	-
Transport and Public Works	321.47	1,376.58	106.12	453.80	104.91	425.22	99	94	33	31
Education, Youth, Sports, Culture and Social Services	1,751.65	530.20	607.61	184.09	606.40	141.01	100	77	35	27
Environment Protection, Energy, Water & Natural Resources	411.73	458.03	108.40	66.51	107.19	23.44	99	35	26	5
Public Service Board	104.29	_	26.61	_	25.40	_	95	-	24	-
Agriculture, Livestock & Fisheries	468.62	562.42	110.44	3.52	109.24	3.52	99	100	23	1
Health & Sanitation	3,067.20	1,243.10	1,420.69	513.57	1,420.35	470.49	100	92	46	38
Lands Housing Physical Planning & Urban Development	114.83	65	70.57	-	65.96	-	93	-	57	-
ICT & E Government	128.28	175	24.66	-	20.04	-		-	16	-

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Administration And Public Services Management	943.58	432	344	-	339.39	-	99	-	36	-
Trade, Industry and Cooperative Development	620.69	676.72	377.54	101.28	372.93	58.20	99	57	60	9
Office of the County Attorney	433.26	10	123.31	-	119.83	-	97	-	28	-
Municipality (Narok)	168.18	191.69	3.28	-	3.28	-	100	-	2	-
Municipality (Kilgoris)	38.70	121.50	0.64	-	0.64	-	100	-	2	-
Total	11,018.82	6,212.24	4,165.63	1,322.76	4,066.65	1,121.89		85	37	18

Source: *Narok County Treasury*

Analysis of expenditure by departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 38 per cent, followed by the Department of Transport and Public Works at 31 per cent. The Department of Lands, Housing, Physical Planning & Urban Development had the highest percentage of recurrent expenditure to budget at 57 per cent, while the two municipalities had the lowest at 2 per cent.

3.33.16 Budget Execution by Programmes and Sub-Programmes

Table 3.495 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.495: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Education, Youth, Sports, Culture & Social Services				
	Vocational Education and Training	100,000,000	49,079,264	49
	Education - Headquarters	254,200,000	91,932,832	36
Health & Sanitation				
	Health- Medical Services	1,243,096,161	470,493,776	38
Transport and Public Works				
	Public Works and Infrastructure	1,376,581,979	425,222,581	31
Environment, Protection, Energy, Water& Natural Resources				
	Environment Protection, Energy, Water& Natural Resources	80,000,000	23,437,616	29
RECURRENT				
Trade, Cooperative Development, Tourism & Wildlife				
	Trade and Industrialization	119,361,849	82,179,890	69
Finance and Economic Planning				
	Internal Audit	75,116,155	50,813,513	68
Education, Youth, Sports, Culture & Social Services				
	Veterinary Services	86,977,934	54,618,131	63
County Public Service Management				
	Lands, Housing & Survey	48,621,578	29,830,139	61
Trade, Cooperative Development, Tourism & Wildlife				
	Tourism and Wildlife	467,465,298	277,834,681	59

Source: *Narok County Treasury*

The development sub-programmes with the highest budget implementation rates included Vocational Education and Training at 49 per cent, Health-Medical Services at 38 per cent, Education Headquarters at 36 per cent, and Public Works and Infrastructure at 31 per cent. For recurrent sub-programmes, the top performers were Trade and Industrialization at 69 per cent, Internal Audit at 68 per cent, Veterinary Services at 63 per cent, and Lands, Housing & Survey at 61 per cent.

Table 3:497 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.496: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Finance and economic planning				
	Finance & Economic Planning Headquarters	220,000,000	_	-
Education, Youth, Sports, Culture & Social Services				
	Gender and Youth Affairs	106,000,000	_	-
	Sports - Headquarters	35,000,000	_	-
	Arts, Culture and Heritage	20,000,000	_	-
	Social Services and Recreation	15,000,000	_	-
RECURRENT				
Education, Youth, Sports, Culture & Social Services				
	Gender and Youth Affairs	42,195,900	1,194,300	3
	Arts, Culture and Heritage	29,645,000	_	-
Municipality				
	Narok	168,184,726	3,276,789	2
	Kilgoris	38,704,382	639,136	2
Agriculture, Livestock and Fisheries				
	Fisheries	51,288,837	608,000	1

Source: *Narok County Treasury*

All five development sub-programmes listed in Table 3.496 did not have any expenditure. For recurrent sub-programmes, poor performers were Arts, Culture and Heritage at 0 per cent, Fisheries at 1 per cent, and Narok and Kilgoris Municipalities at 2 per cent.

3.33.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 14 accounts in commercial banks, including 6 for health facilities, 5 for revenue, 2 for established funds, and 1 account for state corporations.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of the 14 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.33.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Narok County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 2nd February 2026.

ii. The underperformance of own-source revenue at Kshs.2.63 billion against an annual target of Kshs.6.37 billion, representing 41 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.1.12 billion on development activities, achieving an 18 per cent absorption rate.
iv. All Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports were not submitted to the CoB as of 15th January 2026.
v. High level of trade payables, which amounted to Kshs.5.21 billion as of 31st December 2025.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.34. County Government of Nyamira

3.34.1 Overview of FY 2025/26 Budget

The Nyamira County Approved Budget for FY 2025/26 is Kshs.8.65 billion. It comprises Kshs.3.28 billion (38 per cent) and Kshs.5.37 billion (62per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.534.40million (7per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.87 billion and a recurrent budget of Kshs.5.23 billion. The increase in the budget was primarily attributed to the rise in projection of own source revenue and balance brought forward from FY2024/25.

The budget is to be financed through various revenue sources. These include the equitable share of revenue raised nationally, Kshs.6.07 billion (70 per cent), additional allocations of Kshs.1.32 billion (15 per cent), a cash balance of Kshs.383.64 million (4 per cent) brought forward from FY 2024/25, and Kshs.868.71 million (10 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table ß:498.

3.34.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.50 billion. This amount represented an increase of 20 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.91 billion. The total revenue consisted of Kshs.2.52 billion from the equitable share of revenue raised nationally, additional allocations from the national government, and development partners of Kshs.139.36 million, as well as the own-source revenue (OSR) collection of Kshs.205.87 million. Additionally, the County had a cash balance of Kshs.638.62 million as of FY 2024/25. The total OSR collection of Kshs.205.87 million included Facilities Improvement Financing (FIF) of Kshs.170.49 million, and Kshs.35.38 million from other OSR sources. Table ß.497 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.497: Nyamira County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	383,479,287	638,451,249		638,451,249	- 254,971,962
2	County Executive Refunds to CRF	164,708	164,708		164,708	-
3	County Assembly Refunds to CRF	2,039	2,039		2,039	-
	Sub-Total	**383,646,035**	**638,617,997**	-	**638,617,997**	**- 254,971,962**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,073,434,356	2,520,475,258		2,520,475,258	3,552,959,098
	Sub-Total	**6,073,434,356**	**2,520,475,258**	-	**2,520,475,258**	**3,552,959,098**
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Kenya Devolution Support Programme Level II	352,500,000			-	352,500,000
2	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000			-	231,250,000
3	Kenya Second Informal Settlement Improvement Programme (KISIP 2)	148,123,322	110,890,473		110,890,473	37,232,849
4	County Climate Resilience Support (CCRS)-World Bank	162,210,133	21,055,736		21,055,736	141,154,397
5	Aggregated Industrial Park Programme	133,500,000			-	133,500,000
6	Road Maintenance Levy Fund	114,508,787			-	114,508,787
7	Community Health promoters	64,349,711			-	64,349,711
8	Kenya Agricultural Business Development Project (Sweden)	10,918,919			-	10,918,919
9	Kenya Devolution Support Programme Level I	37,500,000			-	37,500,000
10	Kenya Urban Support Programme (KUSP_UIG)	35,000,000			-	35,000,000
11	Kenya Urban Support Programme (KUSP_UDG)	19,817,128			-	19,817,128
12	DANIDA Level one	5,358,000	7,410,000		7,410,000	- 2,052,000
13	DANIDA Level 2&3	5,472,000			-	5,472,000
	Sub-Total	**1,320,508,000**	**139,356,209**	-	**139,356,209**	**1,181,151,791**
E	**Ordinary Own Source Revenue (OSR)**					
1	Matatu stickers	13,085,208	8,853,595		8,853,595	4,231,613
2	Market Dues	17,131,593	4,024,140		4,024,140	13,107,453
3	Single Business Permits	34,412,338	2,107,281		2,107,281	32,305,057
4	Daily parking fees	13,996,385	1,999,357		1,999,357	11,997,028
5	Buildings Plan Approval Fee	39,705,261	4,959,922		4,959,922	34,745,339
6	Market stall Rent	4,076,097	1,073,078		1,073,078	3,003,019
7	Liquor Licences	5,869,173	1,183,800		1,183,800	4,685,373
8	Disposal of Motor Vehicles	12,985,553	1,028,500		1,028,500	11,957,053
9	Land Rates	14,217,679	570,860		570,860	13,646,819
10	Advertisement Charges	43,320,285	891,065		891,065	42,429,220

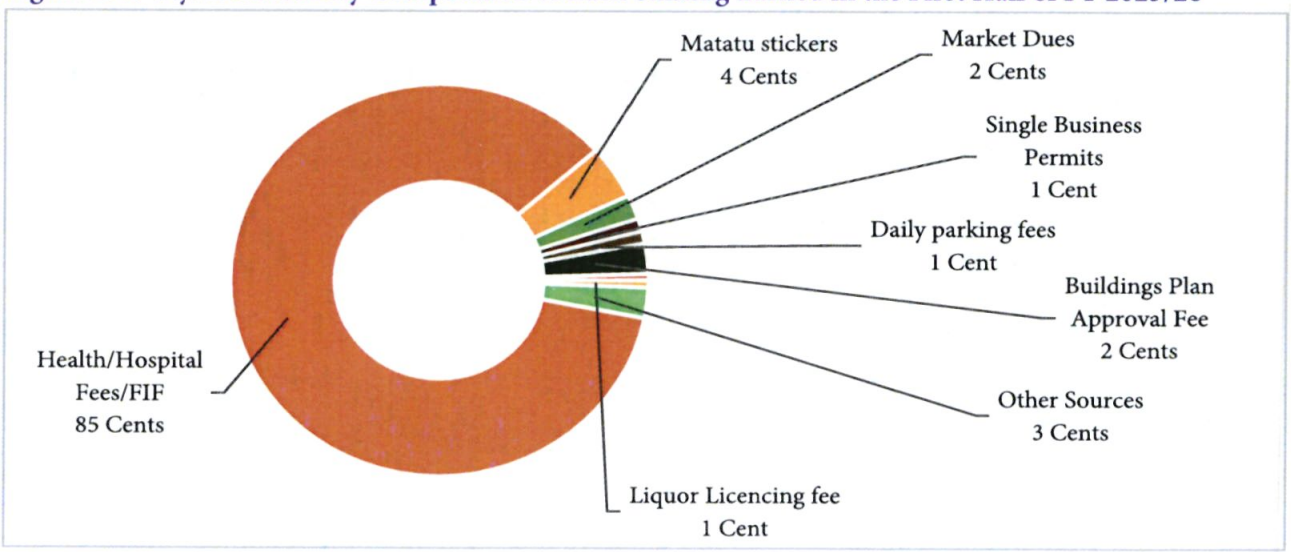
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
11	Garbage collection fees	3,998,967	723,731		723,731	3,275,236
12	Water, sanitation, and irrigation fees	765,903	116,700		116,700	649,203
13	Receipts from Permission to Use the Goods or to Perform Services and Act	4,418,671	3,919,363		3,919,363	499,308
14	Trade weights &measures	2,503,914	378,480		378,480	2,125,434
15	CESS	2,656,625	716,431		716,431	1,940,194
16	Hire of Machinery &Equipment		48,380		48,380	- 48,380
17	Artificial Insemination Services	2,451,509	1,056,160		1,056,160	1,395,349
18	Administration and Compliance fees	3,114,839	1,728,975		1,728,975	1,385,864
	Sub-Total	**218,710,000**	**35,379,818**	-	**35,379,818**	**183,330,182**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	650,000,000	170,486,955		170,486,955	479,513,045
2	Defunct NHIF				-	-
3	Other				-	-
	Sub-Total	**650,000,000**	**170,486,955**	-	**170,486,955**	**479,513,045**
	Grand Total	8,646,298,391	3,504,316,237	-	3,504,316,237	5,141,982,154

Source: *Nyamira County Treasury*

The County has enacted the Nyamira County Health Facilities Improvement Financing Act,2025, as a governing legislation on the operation of ordinary A-I-A and FIF.

Figure 199 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 199: Nyamira County Composition of Each Shilling Earned in the First Half of FY 2025/26

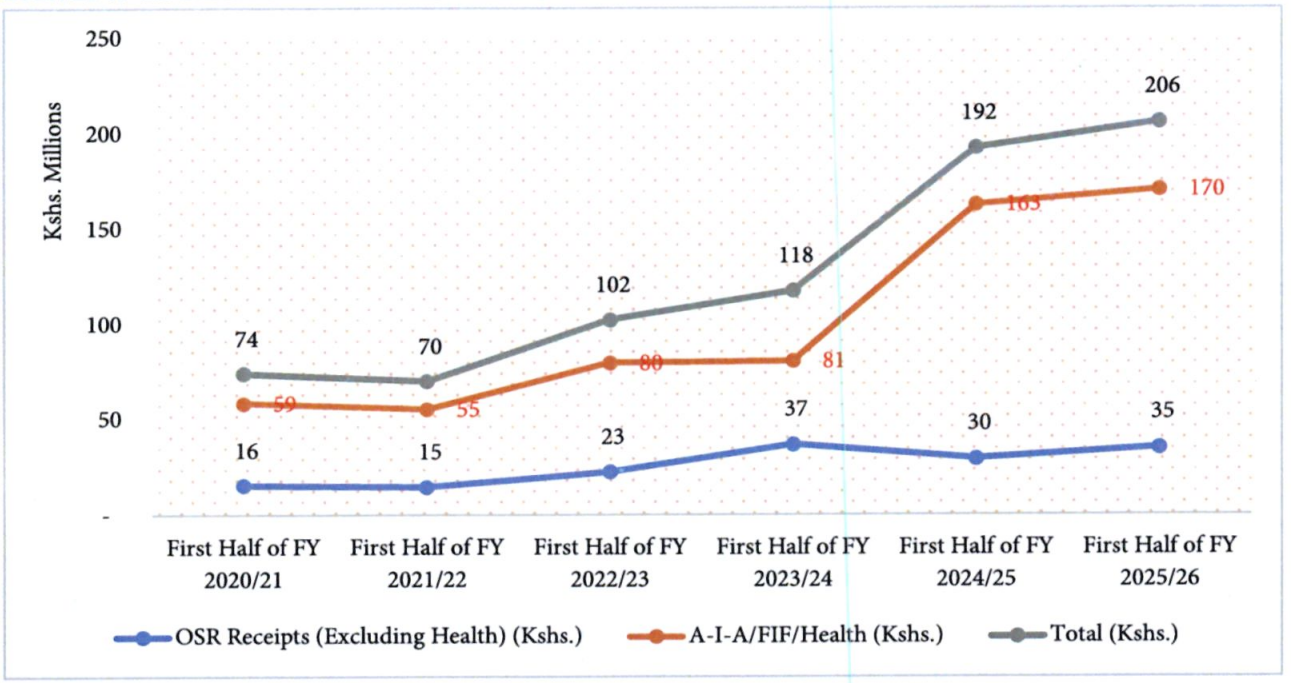


Source: *Nyamira County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 72 per cent, 1 per cent, and 5 per cent, respectively, of the total receipts for the reporting period.

Figure 200 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 200: Nyamira County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



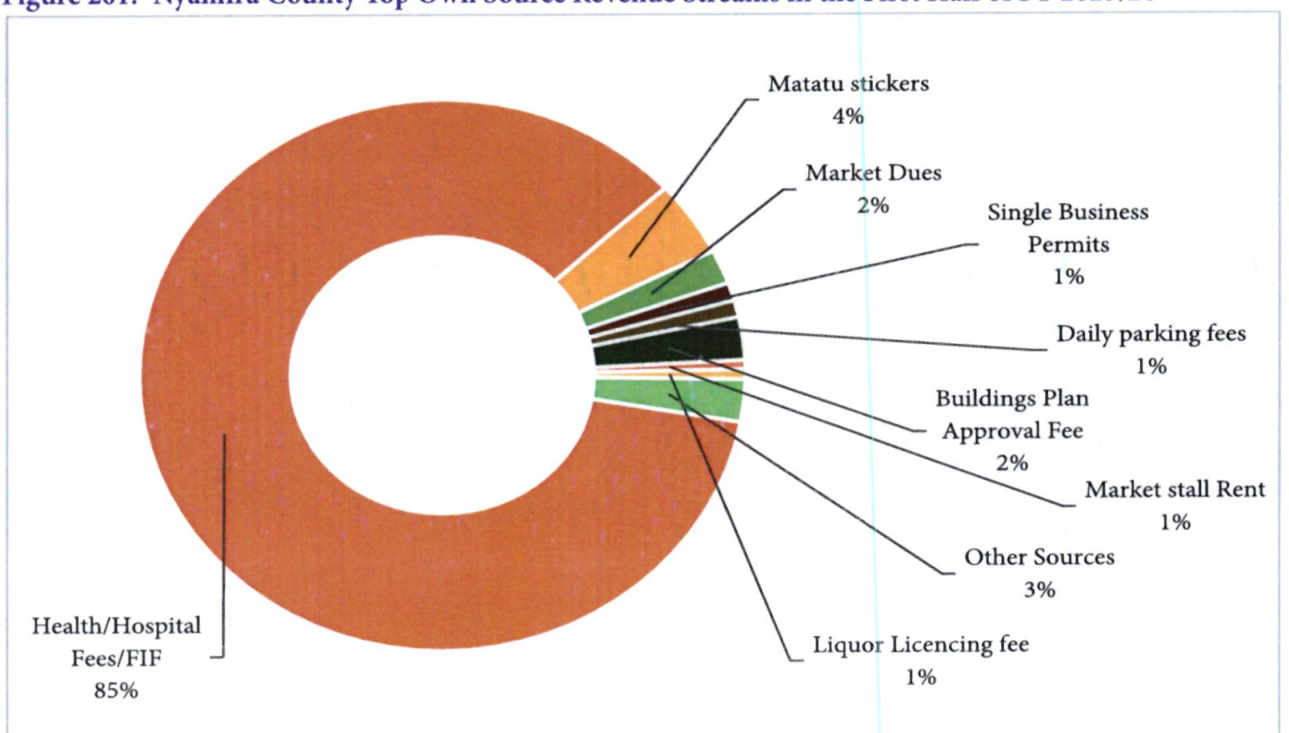
Source: *Nyamira County Treasury*

During the first half of FY 2025/26, the County received Kshs.206 million from OSR, including FIF. This amount was an increase of 7 per cent compared to Kshs.192 million realised in a similar period in FY 2024/25, and was 24 per cent of the annual target and 8 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to stringent revenue-collection measures, surveillance, and improved drug supply in health facilities, which, in turn, have led to more visits to county health facilities.

The revenue streams that contributed the highest OSR receipts are shown in Figure 201

Figure 201: Nyamira County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Nyamira County Treasury*

As shown in Figure 201 the highest revenue stream, at Kshs.170.49 million, was from Facility Improvement Financing, accounting for 85 per cent of the total OSR receipts. The County Government indicated that it has automated 29 of 31 revenue streams.

3.34.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County did not report revenue arrears; however, by 31st December 2025, revenue arrears had increased to Kshs.546.52 million. Table 3.498 presents a breakdown of the County's revenue arrears.

Table 3.498: Nyamira County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December 2025	_	_	_	546,517,670	546,517,670
	Total				**546,517,670**	**546,517,670**

Source: *Nyamira County Treasury*

As of December 31, 2025, revenue arrears totaled Kshs.546.52 million, all from the Equitable Share of Revenue Raised Nationally (100 percent).

3.34.4 Borrowing by the County

Neither the County Executive nor the Assembly has disclosed any borrowing during the reporting period.

3.34.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totaling Kshs.2.29 billion from the Nyamira County Revenue Fund (CRF) account. This amount consisted of Kshs.288.29 million (12 per cent) designated for development programs and Kshs.2.01 billion (88 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.71 billion was allocated to employee compensation and Kshs.293.76 million to operations and maintenance expenditures. Within the operations and maintenance category, 43 per cent was allocated to domestic travel and 2 per cent to foreign travel. The domestic travel exchequers totalled Kshs.127.49 million, which included Kshs.60 million for the County Executive and Kshs.67.49 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.6.89 million for the County Assembly.

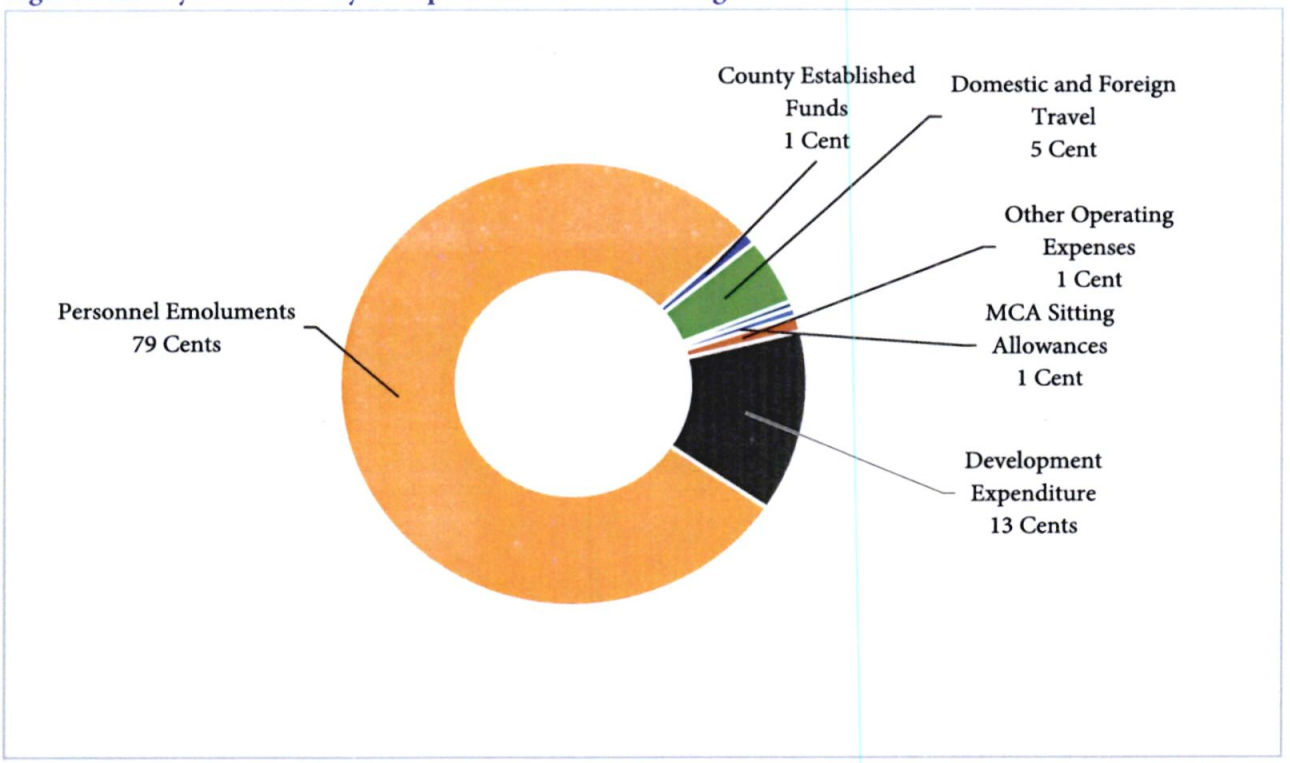
As of December 31, 2025, the County Government's cash balance in the Nyamira CRF account was Kshs.936.522 million.

3.34.6 Expenditure Review

The County spent Kshs.2.32 billion on development and recurrent programmes during the reporting period. The expenditure represented 101per cent of the total funds released by the CoB. It comprised Kshs.288.29 million for development programmes and Kshs.2.03 billion for recurrent programmes. Expenditure on development programmes accounted for 9 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 38 per cent of the annual recurrent expenditure budget.

Figure 202 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 202: Nyamira County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Nyamira County Treasury*

As shown in Figure 202, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic and Foreign Travel, which accounted for 79, 13, and 5 per cent of total expenditure for the reporting period.

3.34.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.711.42 million. This amount consisted of Kshs.689.42 million from the County Executive and Kshs.22 million from the County Assembly. The trade payables from the County Executive comprised Kshs 350.01 million for recurrent expenditure and Kshs.339.41 million for development expenditure.

During the reporting period, the County Executive did not settle trade payables. On the other hand, the County Assembly settled trade payables totalling Kshs.10.07 million for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.689.42 million for County Executive and Kshs.15.63 million for County Assembly. Table 3:500 provides additional details of trade payables.

Table 3.499: Nyamira County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	339,408,444	350,009,822	689,418,267
	County Assembly	22,000,000		22,000,000
	Total	361,408,444	350,009,822	711,418,267
Amount paid in FY 2025/26	County Executive			-
	County Assembly	10,071,130		10,071,130
	Total	10,071,130	-	10,071,130
Trade Payables Incurred in FY 2025/26	County Executive			-
	County Assembly		3,700,000	3,700,000
	Total	-	3,700,000	3,700,000
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	339,408,444	350,009,822	689,418,267
	County Assembly	11,928,870	3,700,000	15,628,870
	Total	351,337,314	353,709,822	705,047,137

Source: *Nyamira County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.350 million and Kshs.361.41 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.10.07 million to the Assembly.

Table 3.500 and Table 3.501 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.705.05 million.

Table 3.500: Nyamira County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	-	79,436,354.06	155,201,022.32	104,771,068.06	339,408,444.44
Recurrent Trade Payables (Goods & Services)	-	93,144,101.36	158,256,923.85	61,777,742.69	313,178,767.90
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	36,831,054.25	-	-	36,831,054.25
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	**129,975,155.61**	**158,256,923.85**	**61,777,742.69**	**350,009,822.15**
Executive Trade Payables	-	**209,411,509.67**	**313,457,946.17**	**166,548,810.75**	**689,418,266.59**
% of Executive Trade Payables	-	**30**	**46**	**24**	**100**

Source: *Nyamira County Treasury*

Table 3.501: Nyamira County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	11,928,870				11,928,870
Recurrent Trade Payables (Goods & Services)	2,200,000				2,200,000
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)					-
Recurrent Trade Payables (Staff Claims)	1,500,000				1,500,000
Recurrent Trade Payables	3,700,000	-	-	-	3,700,000
Assembly Trade Payables	15,628,870	-	-	-	15,628,870
% of Assembly Payables	100	-	-	-	100

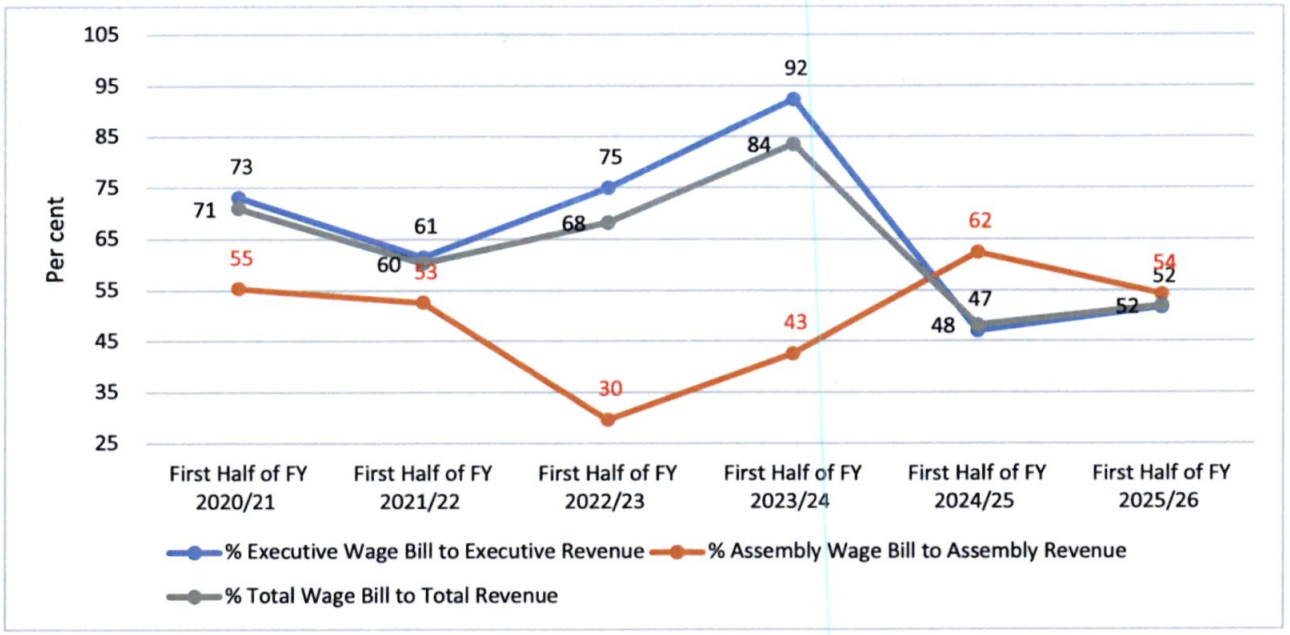
Source: *Nyamira County Treasury*

3.34.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.71 billion. The percentage of compensation of employees to revenue was 52 per cent. This expenditure on employee compensation shows. an increase compared to the Kshs.1.40 billion reported in a similar period in FY 2024/25. Of this total, Kshs.767.43 million related to Health Sector employees, accounting for 45 per cent of the overall employees' compensation. The increase in expenditure on compensation of employees is because December 2024 salaries were paid in January 2025.

Figure 203 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 203: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Nyamira County Treasury

Further analysis indicated that PE costs totalling Kshs.1.69 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.21.33 million was processed through manual payrolls, which accounted for 1 per cent of the total PE cost. The justification for the continued use of manual payroll was that Community Health Promoters and Employees of Nyamira Water and Sanitation Company Ltd have not been onboarded into HRIS.

The manual payroll comprised salaries for 44 staff not onboarded into the Human Resource Information System (HRIS), salaries for 18 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.502

Table 3.502: Breakdown of Nyamira County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for staff yet to be onboarded into HRIS	21,330,574
	Total	**21,330,574**

Source: Nyamira County Treasury

The County Assembly spent Kshs.13.51 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.41.18 million. The average monthly sitting allowance was Kshs.66,230 per MCA. The County Assembly has 20 House Committees.

3.34.9 Expenditure by Economic Classification

The County Executive incurred Kshs.1.52 billion on compensation of employees, Kshs.150.03 million on operations and maintenance, and Kshs.271.86 million on development activities. Similarly, the County Assembly spent Kshs.189.32 million on compensation of employees, Kshs.143.72 million on operations and maintenance, and Kshs.16.43 million on development activities, as shown in Table 3.503.

Table 3.503: Nyamira County Summary of Budget and Expenditure by Economic Classification

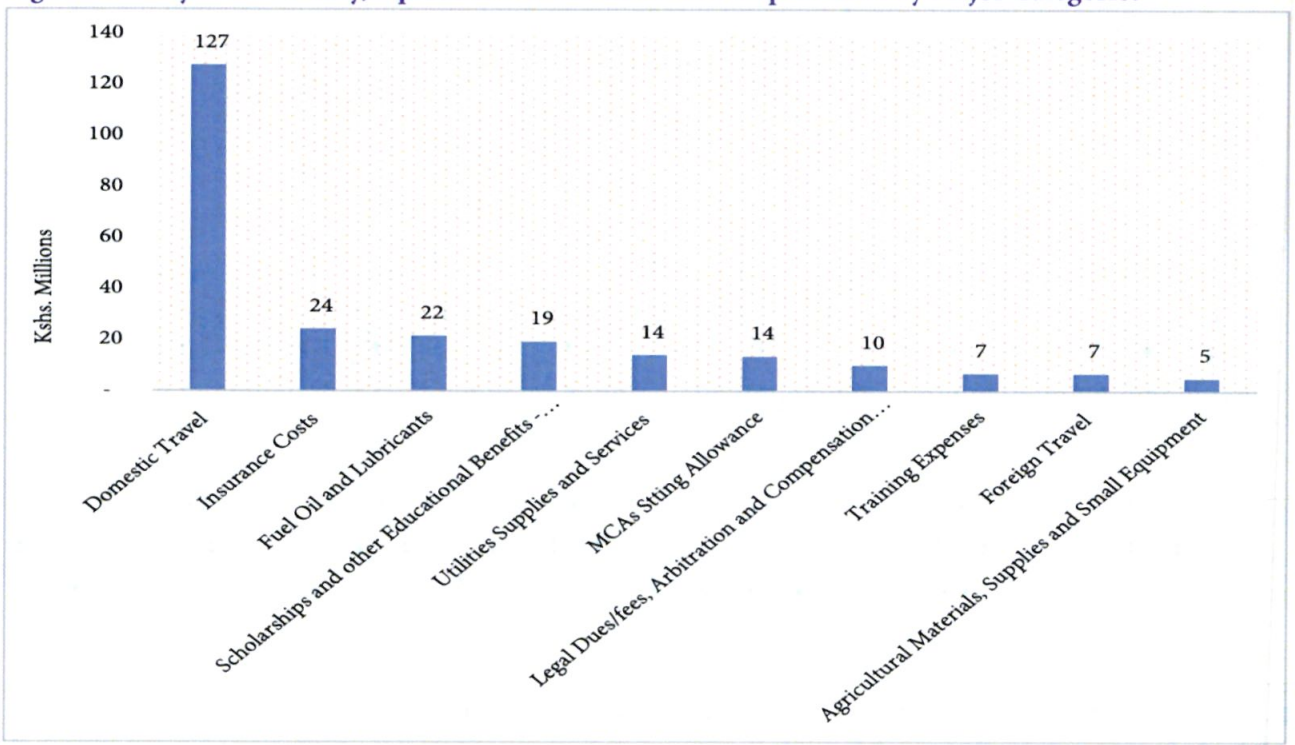
Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,675,893,205**	**689,414,409**	**1,673,640,639**	**333,044,948**	**-**	**20,096,048**	**1,673,640,639**	**353,140,996**	**36**	**51**
Compensation of Employees	2,982,050,590	419,033,364	1,523,603,686	189,323,293	-		1,523,603,686	189,323,293	51	45
Operations and Maintenance	1,693,842,615	270,381,045	150,036,953	143,721,655	-	20,096,048	150,036,953	163,817,703	9	61
Development Expenditure	**3,048,990,777**	**232,000,000**	**271,860,174**	**16,429,546**	**-**		271,860,174	16,429,546	9	7
Total	7,724,883,982	921,414,409	1,945,500,813	349,474,494	-	20,096,048	1,945,500,813	369,570,542	25	40

***Source**: Nyamira County Treasury*

3.34.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.313.85 million on operations and maintenance, representing an increase of 15 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.273.66 million. Figure 204 summarises the Operations and Maintenance expenditure by major categories.

Figure 204: Nyamira County, Operations and Maintenance Expenditure by Major Categories



***Source**: Nyamira County Treasury*

3.34.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 does not show that the County spent any funds on "other operating expenses."

3.34.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.55 million to County-Established funds in FY 2025/26, or less than one per cent of the County's overall budget. Further, the County allocated Kshs.5 million to the Emergency

Fund (less than one per cent of the total budget), which was not in line with Section 110 of the PFM Act, 2012. Table 3.504 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.504: Performance of Nyamira County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Emergency Fund	2019	10,000,000	-	-	146,000,000	No
2.	Education Support Fund	2016	30,000,000	19,380,000	19,380,000	679,295,513	No
3.	Car Loan & Mortgage Fund	2015	15,000,000	-	-	152,500,000	No
		County Assembly Established Funds					
4.	Car and Mortgage Fund (Assembly)	2017	-	-	-	431,000,000	No
	Total		55,000,000	19,380,000	19,380,000	1,408,795,513	

Source: *Nyamira County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated inTable 3:505, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the Car Loan and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.34.13 County Corporations

The County has two county corporations, which were allocated Kshs.65.999 Million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.10,988,074, as shown in Table 3.505.

Table 3.505: Performance of Nyamira County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Nyamira Water and Sanitation Company	60,501,185	10,988,074	10,988,074	42,495,021
2.	Nyamira Investment Corporation	5,498,185	-	-	3,599,826
	Total	65,999,370	10,988,074	10,988,074	46,094,847

Source: *Nyamira County Treasury*

3.34.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.127.49 million and comprised Kshs.67.49 million spent by the County Assembly and Kshs.60 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.89 million and was comprised of Kshs.6.89 million by the County Assembly. Expenditure on foreign travel is summarised in Table 3.506.

Table 3.506: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	2	4th To 6th August 2025	National Conference of State Legislatures, Boston, Massachusetts	USA	1,521,960	-	1,521,960

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	4	28th November to 5th December 2025	African Local Authorities Exchange Mission	South Africa	1,192,872	-	1,192,872
County Assembly	19	18th December to 22nd December 2025	East African Local Government Forum Meeting	Rwanda	4,176,112	-	4,176,112
Total					6,890,944	-	6,890,944

***Source**: Nyamira County Assembly*

3.34.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.170 million as FIF, which was 26 per cent of the annual target of Kshs.650 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2025.

The expenditure by the health facilities amounted to Kshs.170.27 million, as shown in Table 3.507.

Table 3.507: Nyamira County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	300,000,000	91,745,668	31
2.	Level 4 Hospitals	8	280,000,000	67,541,758	24
3.	Level 3 Facility	71	15,000,000	7,265,900	48
4.	Level 2 Facility	38	5,000,000	3,722,540	74
	Total	**118**	**600,000,000**	**170,275,866**	28

***Source:** Nyamira County Treasury*

3.34.16 Development Expenditure

In the review period, the County reported spending Kshs.543.03 million on development programmes, representing an increase of 138 per cent compared to FY 2024/25, when the County spent Kshs.224.77 million. Table 3.508. summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was due to accrued expenses being reported, unlike the previous year, when reporting was on a cash basis.

The County reported 2 stalled development projects as of 31st December 2025, with an estimated value of Kshs.417.35 million, of which Kshs.259.99 has already been paid. The stalled projects are shown in Table 3.508.

Table 3.508: Nyamira County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	County Executive	Nyamira County Headquarters	Nyamira Town	31-12-2018	31-12-2021	382,970,401	233,382,457	-	49,587944	61
2	County Assembly	County Assembly Speaker's Residence	Bonyamatuta Ward	6th February 2023	July 2024	34,377,805	26,615,748	-	7,762,057	77

Source: *Nyamira County Treasury*

3.34.17 Budget Performance by Department

Table 3.509 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.509: Nyamira County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	689.41	232	333.04	16.43	334.64	16.43	101	100	49	7
County Executive	444.95		111.05	-	117.10	-	105	-	26	-
Finance and Accounting services	187.49	261.57	75.52	40	85.66	83.74	113	209	46	32
Crop Development	60.53	317.67	47.84	71.06	47.84	41.43	100	58	79	13
Environment, Water, Energy & Natural Resources	72.58	248.71	28.54	-	28.59	73.67	100	-	39	30
Education & Vocational Training	470.27	108.90	203.18	-	196.69	-	97	-	42	-
Medical Services	926.62	419.30	255.09	-	256.14	-	100	-	28	-
Land, Physical Planning, Housing, and Urban Development	92.43	291.02	46.95	122.89	46.95	122.89	100	100	51	42
Water, Sanitation, and Irrigation	44.23	88.70	23.62	17.91	23.92		101	-	54	-
Transport & Public Works,	107.96	435.72	61.98	-	61.98	110.42	100	-	57	25
Trade, Tourism and Co-operatives Development	45.35	256.20	22.16	-	22.63	61.95	102	-	50	24
Youth, Gender, Culture, and Social Services	79.79	26.80	34.83	20	37.03	20	106	100	46	75
CPSB	57.30	-	7.71	-	7.71		100	-	14	-
Public Service Management	508.09	372.50	113.99	-	114.30		100	-	23	-
Nyamira Municipality	86.78	94.30	34.61	-	34.63	5	100	-	40	5
County Attorney	24.45	-	0.66	-	0.66	-	100	-	3	-
Economic Planning, Resources Mobilisation, and ICT	178.55	20	39.20	-	39.48	-	101	-	22	-
Livestock and Fisheries Services	102.92	16.50	24.56	-	28.56	-	116	-	30	-
Primary Healthcare	1,102.07	41.10	533.46	-	533.46	7.50	100	-	48	18
Keroka municipality	28.56	20	4.41	-	4.41	-	100	-	15	-
Nyamira revenue board	14	-	-	-	1.09	-	-	-	8	-
Nyamira disability board	5	-	-	-	-	-	-	-	-	-
Nyamira Investment Company	5.50		-	-		-	-	-	-	-
Nyamira Water and Sanitation Company	30.50	30	10.99	-	10.99	-	100	-	36	-
Total	**5,365.31**	**3,280.99**	**2,013.39**	**288.29**	**2,034.47**	**543.03**	**101**	**188**	**38**	**17**

Source: *Nyamira County Treasury*

Analysis of departmental expenditure shows that the Department of Youth, Gender, Culture and Social Services recorded the highest absorption rate of the development budget at 75 per cent, followed by the Department of Land, Physical Planning, Housing and Urban Development at 42 per cent. The Department of Transport & Public Works had the highest percentage of recurrent expenditure to budget at 57per cent, while the Department of Economic Planning, Resources Mobilisation and ICT had the lowest at 22 per cent.

3.34.18 Budget Execution by Programmes and Sub-Programmes

Table 3.510 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.510: Budget Execution by Programmes and Sub-Programmes with the Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Finance and Accounting Services							
General Administration and Support Services	General administration support services	72,229,057	-	63,917,092	-	88	-
	Sub-Total	**72,229,057**	-	**63,917,092**	-	**88**	-
Department of Crop Development							
General Administration and Support Services	General administration support services	56,989,200	-	47,283,927	-	83	-
	Sub-Total	**56,989,200**	-	**47,283,927**	-	**83**	-
Department of Water and Sanitation							
Water Resource Management	Major Town Water Services	17,500,000	88,700,000	14,383,200	-	82	-
	Sub-Total	**17,500,000**	**88,700,000**	**14,383,200**	-	**82**	-
Department of Transport and Public Works							
General Administration, Planning and Support Services	Policy and Planning	998,000	-	704,900	-	71	-
	Sub-Total	**998,000**	-	**704,900**	-	**71**	-
Department of Youth, Gender, Culture and Social Services							
General Administration, Planning and Support Services	General administration support services	56,288,718	-	34,469,859	-	61	-
	Sub-Total	**56,288,718**	-	**34,469,859**	-	**61**	-
Department of Public Service Management							
General Administration and Support Services	Policy and Planning	3,000,000	_	1,808,052	-	60	-
	Sub-Total	**3,000,000**	_	**1,808,052**	-	**60**	-
Department of Transport and Public Works							
General administration, Planning and Support Services	General administration support services	79,661,995	_	47,535,283	-	60	-
	Sub-Total	**79,661,995**	_	**47,535,283**	_	**60**	-
Department of Lands, Physical Planning, Housing and Urban Development							
Town Management and Coordination	Town management and coordination		249,423,322	-	122,890,473	-	49
	Sub-Total		**249,423,322**		**122,890,473**	-	49
Department of Environment, Water, Energy, Natural Resources, and Mining							
Environmental Protection	Agroforestry Promotion	-	212,210,133	_	71,055,736		**33**
	Sub-Total	_	**212,210,133**	_	**71,055,736**	_	**33**
Department of Finance and Accounting Services							
Financial Management and Control	Accounting and financial services	-	261,573,174	-	83,741,128		**32**
	Sub-Total	-	**261,573,174**	-	**83,741,128**	-	**32**
Grand Total		**127,342,980**	**723,206,629**	**115,031,747**	**277,687,337**	**90**	**38**

Source: *Nyamira County Treasury*

The development sub-programmes with the highest budget implementation rates included Town Management and Coordination in the Department of Lands, Physical Planning, Housing and Urban Development at 49 per cent, Agroforestry Promotion in the Department of Environment, Water, Energy, Natural Resources and Mining at 33 per cent, and Accounting and financial services in the Department of Finance and Accounting Services at 32 per cent. For recurrent sub-programmes, the top performers were General administration support services in the Department of Finance and Accounting Services at 88 per cent, General adminis-

tration support services in the Department of Crop Development at 83 per cent, Major Town Water Services in the Department of of Water and Sanitation at 82 per cent, and Policy and Planning in the Department of Transport and Public Works at 71per cent. Their higher performance is attributed to timely salary payments and accrual-based reporting.

Table 3.511 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.511: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Executive							
General Administration and Support Services	Intergovernmental & Public Relations	35,576,000	-	-	-	-	-
	Executive management and liaison services	51,733,356	-	-	-	-	-
	Sub total	**87,309,356**	-	-	-	-	-
Department of Education and Vocational Training							
Vocational Infrastructure Support Services	Vocational management services	26,000,000	13,000,000	-	-	-	-
	Sub total	**26,000,000**	**13,000,000**	-	-	-	-
Department of Health Services							
Health products &Technologies	Medical services	244,697,400	419,302,600	-	-	-	-
	Facility infrastructural services	210,000,000	-	-	-	-	-
	Sub total	**454,697,400**	**419,302,600**	-	-	-	-
Department of Lands, Physical Planning, Housing, and Urban Development							
Physical Planning and Surveying Services	Physical Planning	14,800,000	41,600,000	-	-	-	-
	Sub total	**14,800,000**	**41,600,000**	-	-	-	-
Department of Environment, Water, Energy, Natural Resources, and Mining							
Water Resources Management	Major towns water services	-	88,700,000	-	-	-	-
	Sub total	-	**88,700,000**	-	-	-	-
Department of Youth, Gender, Culture and Social Services							
Promotion & Management of Sports	Community Development	11,000,000	26,800,000	-	-	-	-
	Sub total	**11,000,000**	**26,800,000**	-	-	-	-
Department of Public Service Management							
Coordination, strategy & HR Services	Human resource development	197,000,000	-	-	-	-	-
community development and special funding	community development and special funding		372,500,000	-	-	-	-
	Sub total	**197,000,000**	**372,500,000**	-	-	-	-
Grand Total		**790,806,756**	**873,202,600**	-	-	-	-

Source: Nyamira County Treasury

As per the table above,the sub- programmes in all listed developomentd did not incur any expenditure for development as well as recurrent despite having budget allocations. These lower performance levels are attributed to the challenges the County faced during the transition from IFMIS to EGP.

3.34.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 157 accounts in commercial banks, including 103 for Health Facilities, 33 for Vocational Training Centres, 4 for Established Funds, 3 revenue accounts, 11 special-purpose accounts (additional allocations), one imprest account, and two recurrent operational accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening all the commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.34.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nyamira County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 30th January 2026
ii. The underperformance of own-source revenue at Kshs.206 million against an annual target of Kshs.868.71 million, representing 24 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.543.03 million on development activities, achieving a 17 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Education Support Fund and the Car and Mortgage Fund had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. Reports for all Funds were not submitted to the CoB as of 15 January 2026.
vi. High level of trade payables, which amounted to Kshs.705.05 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.35. County Government of Nyandarua

3.35.1 Overview of FY 2025/26 Budget

The Nyandarua County Approved Budget for FY 2025/26 is Kshs.9.23 billion. It comprises Kshs.3.59 billion (38 per cent) and Kshs.5.83 billion (62 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.646.71 million (7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.17

billion and a recurrent budget of Kshs.5.61 billion. The increase in the budget was primarily attributed to the rise in equitable share and conditional allocations.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.6.66 billion (70 per cent), additional allocations of Kshs.1.79 million (19 per cent), a cash balance of Kshs.78.99 million (0.8 per cent) brought forward from FY 2024/25, and Kshs.975 million (10 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3:514.

3.35.2 Revenue Performance

During the first Quarter of FY 2025/26, the County generated Kshs.3.76 billion in revenue. This amount represented an increase of 17 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.3.22 billion. The total revenue consisted of Kshs.3.38 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.78.02 million, as well as the own-source revenue (OSR) collection of Kshs.227.14 million. Additionally, the County had a cash balance of Kshs.78.99 million from FY 2024/25. The total OSR collection of Kshs.227.14 million included Facilities Improvement Financing (FIF) of Kshs.151.34 million and Kshs.75.80 million from other OSR sources. Table 3.512 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.512: Nyandarua County, Revenue Performance in the First Half of FY 2025/26

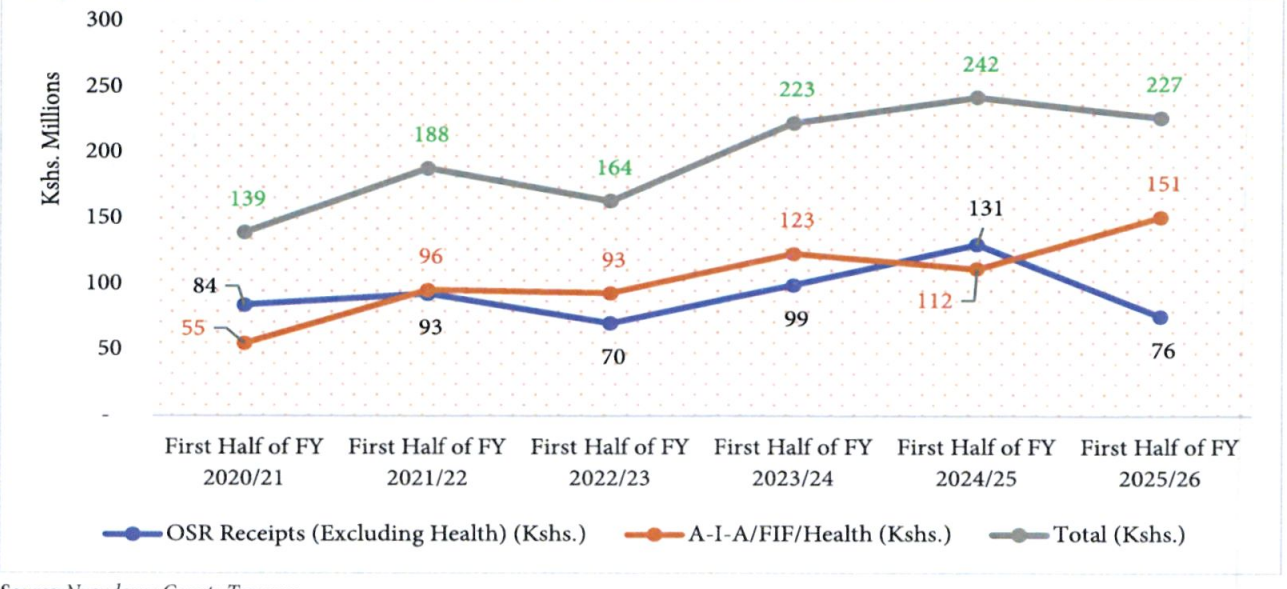
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	78,705,851.45	-	78,705,851	- 78,705,851
2	County Executive Refunds to CRF	-	244,086.10	-	244,086	- 244,086
3	County Assembly Refunds to CRF	-	43,959.15	-	43,959	- 43,959
	Sub-Total	-	**78,993,897**	-	**78,993,897**	**- 78,993,897**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6662675631	2,846,432,787	533,014,050	3,379,446,837	3,283,228,794
	Sub-Total	**6,662,675,631**	**2,846,432,787**	**533,014,050**	3,379,446,837	**3,283,228,794**
C	**Additional Allocations (Including Grants)**					
1	Supplement for Construction of County Headquarters	121,000,000	-	-	-	121,000,000
2	Fertiliser Subsidy Programme	121,620,000	-	-	-	121,620,000
3	Livestock Value Chains Support Project	135,210,000	-	-	-	135,210,000
4	Road Maintenance Levy Fund	222,822,888	-	-	-	222,822,888
5	Road Maintenance Levy Fund FY 2024-25	222,822,888	78,019,732	-	78,019,732	144,803,156
6	Community Health Promoters Project	41,200,000	-	-	-	41,200,000
7	Sweden- Kenya Agricultural Business Development Project (KABDP)	151,520,000	-	-	-	151,520,000
8	DANIDA - Primary Health Care in a Devolved Context	10,920,000	-	-	-	10,920,000
9	World Bank -Kenya Informal Settlement Improvement Project- KISIP II	10,972,500	-	-	-	10,972,500
10	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Resilience Investment Grant	136,000,000	-	-	-	136,000,000
11	Kenya Devolution Support Programme Level 1- FY 2021-22	104,000,000	-	-	-	104,000,000
12	Kenya Development Support Program Phase 2- Level 2- Institution grant	83,211,329	-	-	-	83,211,329

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
13	Kenya Development Support Program Phase 2- Level 2- Institution grant B/F FY 2024-25	37,500,000	-	-	-	37,500,000
14	Kenya Devolution Support Programme Phase 2- Level 2- Development	37,500,000	-	-	-	37,500,000
15	IDA (World Bank Credit) Kenya Urban Support Project (KUSP)-Urban Institutional Grant (IUG)	-	-	-	-	-
	Sub-Total	**1,436,299,605**	**78,019,732**	**533,014,050**	**78,019,732**	**1,358,279,873**
	TOTAL	**8,098,975,236**	**3,003,446,416**	**533,014,050**	**3,536,460,466**	**4,562,514,770**
D	**Ordinary Own Source Revenue (OSR)**					
1	Produce cess	96,527,500	27,349,797	-	27,349,797	69,177,703
2	Building plan approvals	31,000,000	9,986,358	-	9,986,358	21,013,642
3	Single Business Permits	142,000,000	6,007,284	-	6,007,284	135,992,716
4	Bus/Matatu Fees	17,571,600	5,825,000	-	5,825,000	11,746,600
5	Liquor Licence	60,000,000	3,701,435	-	3,701,435	56,298,565
6	Open Air Market Fees	11,400,000	3,311,615	-	3,311,615	8,088,385
7	Motorcycle parking fees	10,400,000	2,866,700	-	2,866,700	7,533,300
8	Vet department AI Services	4,510,000	2,680,317	-	2,680,317	1,829,683
9	Subdivision of land	20,800,000	1,167,340	-	1,167,340	19,632,660
10	Others	280,790,900	12,903,135	-	12,903,135	267,887,765
	Sub-Total	**675,000,000**	**75,798,981**	**-**	**75,798,981**	**599,201,019**
E	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	300,000,000	151,343,981	-	151,343,981	148,656,019
2	Defunct NHIF	-	-	-	-	-
3	Other	-	-	-	-	-
	Sub-Total	**300,000,000**	**151,343,981**	**-**	**151,343,981**	**148,656,019**
	Grand Total	**9,073,975,236**	**3,230,589,378**	**533,014,050**	**3,763,603,428**	**5,310,371,808**

Source: *Nyandarua County Treasury*

Figure 205 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

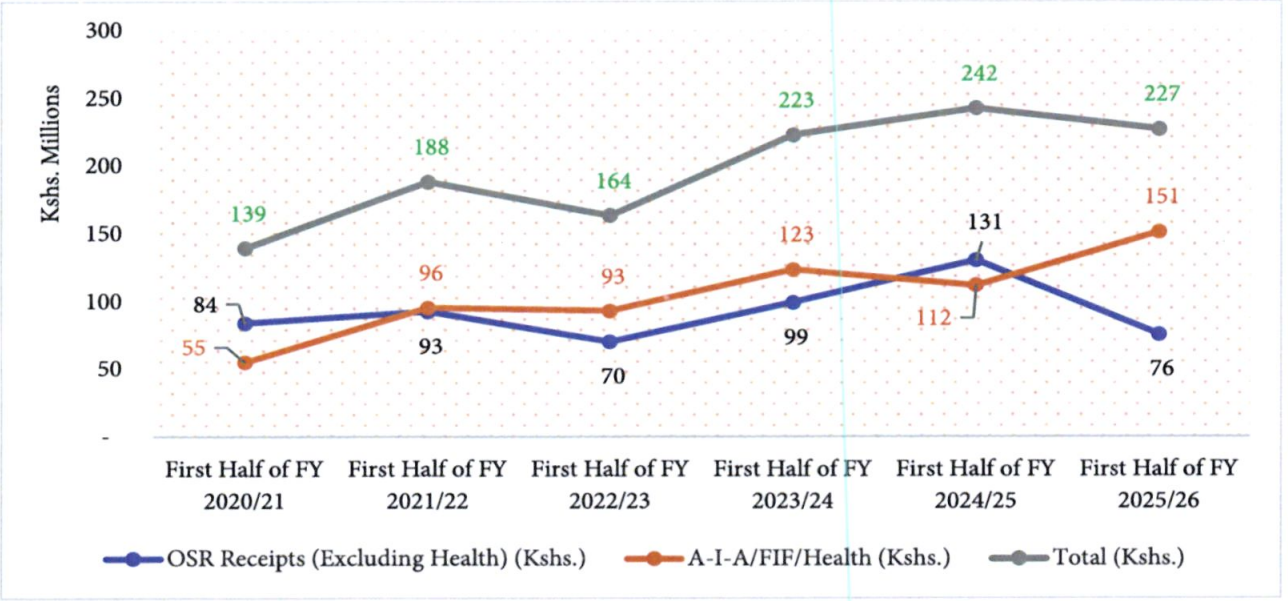
Figure 205: Nyandarua County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Nyandarua County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 88 per cent, 2 per cent and 5 per cent, respectively, of the total receipts for the reporting period. Figure 206 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 206: Nyandarua County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

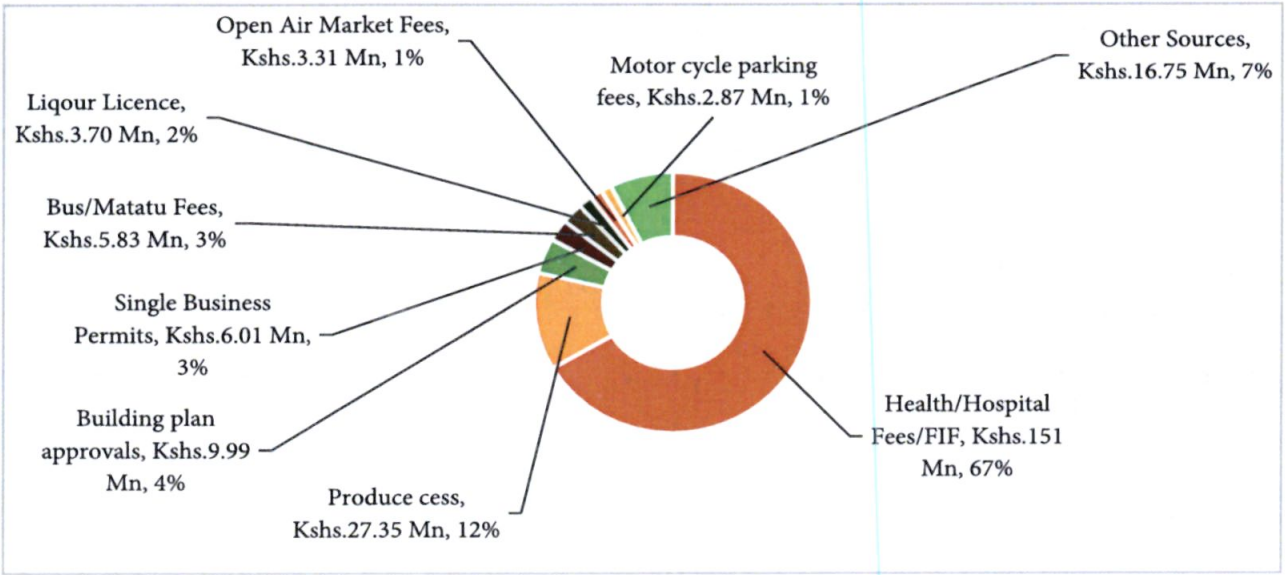


Source: *Nyandarua County Treasury*

During the first half of FY 2025/26, the County received Kshs.227.14 million from OSR, including FIF. This amount was a decrease of 6.3 per cent compared to Kshs.242.49 million realised in a similar period in FY 2024/25, and was 23 per cent of the annual target and 8 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 207

Figure 207: Nyandarua County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Nyandarua County Treasury*

As shown in Figure 207, the highest revenue stream, at Kshs.151.34 million, was from FIF/Hospital collections, accounting for 67 per cent of the total OSR receipts. The County Treasury has indicated that it has automated 75 revenue streams, but it has reported experiencing longer downturns with the current system.

3.35.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.565.98 million, this amount increased to Kshs.1.12 billion as of 31st December 2025. Table 3.513 presents a breakdown of the County's revenue arrears.

Table 3.513: Nyandarua County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
					533,014,050	533,014,050
	Sub-Total	-	-	-	**533,014,050**	**533,014,050**
C	**Additional Allocations**					
	Road Maintenance Levy Fund	222,822,888		78,019,732		144,803,156
	KDSP Level 1 FY 2021-22	104,000,000				104,000,000
	Kenya Development Support Programme Phase II-Level II	37,500,000				37,500,000
						-
	Sub-Total	**364,322,888**	-	**78,019,732**	-	**144,803,156**
D	**Ordinary Own Sources of Revenue**					
	Plot rates	177,408,893		437,970		176,970,923
	Land rates	31,081,414		691,534		30,389,880
	Kiosk/ground rates	4,795,411		136,580		4,658,831
	House rent	6,970,691		231,860		6,738,831
	Market stalls	7,892,540		472,250		7,420,290
	Sub-Total	**228,148,949**	-	**1,970,194**	-	**226,178,755**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	295,167,215		75,438,639		219,728,576
	Sub-Total	**295,167,215**	-	**75,438,639**	-	**219,728,576**
	Grand Total	**887,639,052**	-	**155,428,565**	-	**1,123,724,537**

Source: Nyandarua *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.1.12 billion, comprising Kshs.226.18 million for ordinary own-source revenue (20 per cent), Kshs.219.73 million for the Facility Improvement Fund, Kshs.144.8 million for additional allocations, and Kshs.533.01 million for the equitable share. The county treasury has not outlined any measures to collect the outstanding arrears in FY 2025/26.

3.35.4 Borrowing by the County

The County Assembly has a credit facility with Equity Bank, where it borrowed Kshs.31.35 million to pay July salaries as a result of the delay in the disbursement of the equitable share. The assembly, however, confirmed that the amount borrowed was repaid in September, 2025. The county executive did not provide any information on borrowings.

3.35.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.24 billion from the Nyandarua County Revenue Fund (CRF) account. This amount consisted of Kshs.388.95 million (17 per cent) designated for development programs and Kshs.1.85 billion (83 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.24 billion was allocated for employee compensation, and Kshs.618.73 million for operations and maintenance expenditures. Within the operations and maintenance category, 31 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequers totalled Kshs.190.51 million, which included Kshs.120.74 million for the County Executive and Kshs.69.77 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.12.91 million for the County Assembly.

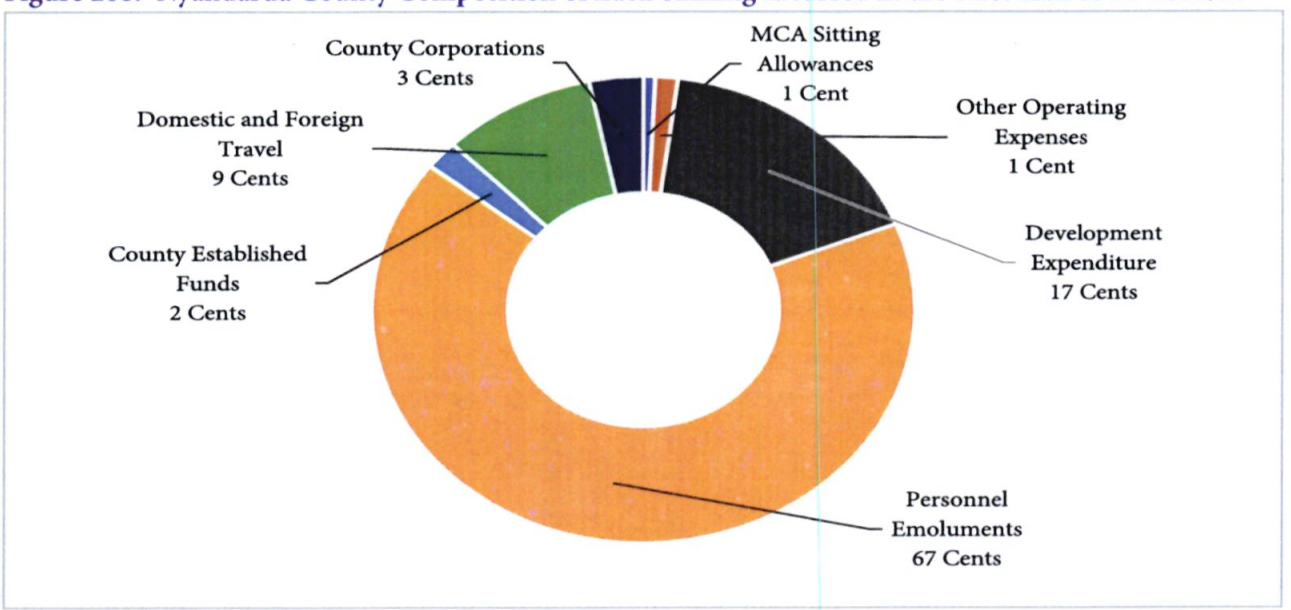
As of December 31, 2025, the County Government's cash balance in the Nyandarua CRF account was Kshs.661.05 million.

3.35.6 Expenditure Review

The County spent Kshs.2.49 billion on development and recurrent programmes during the reporting period. The expenditure represented 111 per cent of the total funds released by the CoB. It comprised Kshs.383.95 million for development programmes and Kshs.2.11 billion for recurrent programmes. Expenditure on development programmes accounted for 11 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 36 per cent of the annual recurrent expenditure budget.

Figure 208 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 208: Nyandarua County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Nyandarua *County Treasury*

As shown in Figure 208, the three highest expenditure categories were Personnel emoluments, development expenditures, and domestic & foreign travel, contributing 65, 19 and 10 per cent of total expenditure for the reporting period.

3.35.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.53 billion. This amount consisted of Kshs.1.36 billion from the County Executive and Kshs.168.64 million from the County Assembly. The trade payables from the County Executive comprised of Kshs 576.52 million for recurrent expenditure and Kshs.787.01 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.398.39 million, comprising Kshs.241.9 million (61 per cent) for recurrent programmes, with Kshs.226.9 million being salary arrears and statutory deductions, and Kshs.156.39 million (39 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.36.9 million, with the entire amount for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.965.18 million for the County Executive and Kshs.131.64 million for the County Assembly. Table 3.514 provides additional details of trade payables.

Table 3.514: Nyandarua County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	787,010,391	576,516,029	1,363,526,420
	County Assembly	46,069	87,964,784	88,010,853
	Total	787,056,460	664,480,813	1,451,537,273
Amount paid in FY 2025/26	County Executive	156,390,621	241,996,515	398,387,136
	County Assembly	-	36,992,747	36,992,747
	Total	156,390,621	278,989,262	435,379,883

	County Entity	Development	Recurrent	Total
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	80,626,091	80,626,091
	Total	-	80,626,091	80,626,091
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	630,665,839	334,519,514	965,185,353
	County Assembly	46,069	131,598,128	131,644,197
	Total	630,711,908	466,117,642	1,096,829,550

Source: *Nyandarua County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.233.39 million and Kshs.26.39 million, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.398.39 million, including salary arrears and statutory deductions for the Executive, and Kshs.36.99 million for the Assembly.

Table 3.515 and Table 3.516 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.09 billion.

Table 3.515: Nyandarua County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	786978019	64,941			787042960
Recurrent Trade Payables (Goods & Services)	219,214,001	117,543,620	12,761,893		349,519,514
Recurrent Trade Payables (Salary Arrears and Statutory Deductions) -					
Recurrent Trade Payables (Staff Claims) -					
Recurrent Trade Payables	219,214,001	117,543,620	12,761,893	-	349,519,514
Executive Trade Payables	1,006,192,020	117,608,561	12,761,893	-	1,136,562,474
% of Executive Trade Payables	89	10	1	0	100

Source: *Nyandarua County Treasury*

Table 3.516: Nyandarua County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	46,069			46,069
Recurrent Trade Payables (Goods & Services)	-	3,666,025	30,000	45,744,095	49,440,120
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	3,666,025	30,000	45,744,095	49,440,120
Assembly Trade Payables	-	3,712,094	30,000	45,744,095	49,486,189
% of Assembly Payables	-	8	-	92	100

Source: *Nyandarua County Treasury*

3.35.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.04 billion on compensation of employees, Kshs.439.06 million on operations and maintenance, and Kshs.383.95 million on development activities. Similarly, the County Assembly spent Kshs.218.58 million on compensation of employees, Kshs.195.22 million on operations and maintenance, and nil expenditure on development activities, as shown in Table 3.517

Table 3.517: Nyandarua County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
Total Recurrent	**5,833,863,295**	**1,820,314,223**	**284,827,931**	**2,105,142,154**	**36**
Compensation to Employees	3,081,257,461	1,223,491,964	247,362,200	1,470,854,164	**48**
Operations & Maintenance	2,752,605,834	596,822,259	37,465,731	634,287,990	**23**
Total Development	**3,592,611,941**	**388,947,154**	-	**383,947,154**	**11**
TOTAL	9,426,475,236	2,209,261,377	284,827,931	2,489,089,308	26

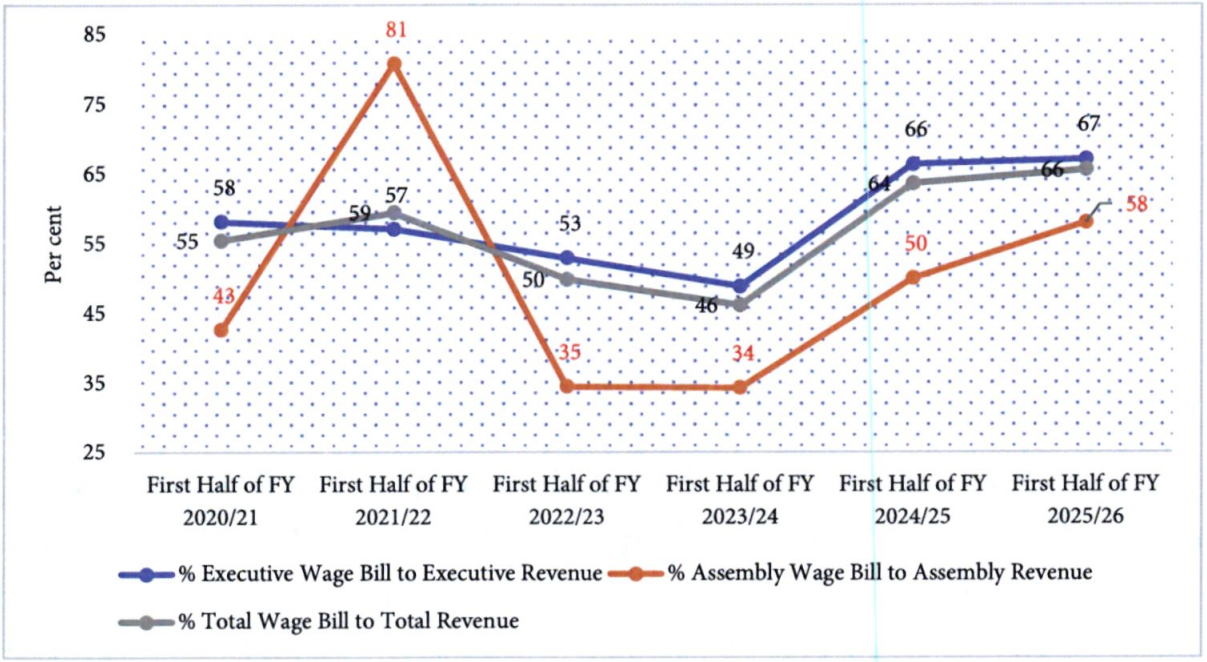
Source: *Nyandarua County Treasury*

3.35.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.47 billion. This expenditure on employee compensation shows an increase compared to the Kshs.1.42 billion reported in a similar period in FY 2024/25. Of this total, Kshs.573.65 million related to Health Sector employees, accounting for 39 per cent of the overall employees' compensation.

Figure 209 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 209: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Nyandarua County Treasury

Further analysis indicated that PE costs amounting to Kshs.1.39 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.79.92 million was processed through manual payroll, accounting for 6 per cent of the total PE cost.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), salaries for 27 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.518.

Table 3.518: Breakdown of Nyandarua County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for staff paid outside the Human Resource Information System (HRIS)	1,794,508	-	1,794,508

Category	County Executive	County Assembly	Total
Salaries for casual staff	-	492,900	492,900
Top-up Allowances for 27 security officers	3,500,130	1,080,000	4,580,130
LAPTRUST/LAPFUND Pension Contributions	62,680,200		62,680,200
Gratuity for contract staff	4,337,087	14,171,749	18,508,836
189 Interns	13,249,550		13,249,550
Community Health Workers	-	-	-
Newly engaged ECDE Teachers	7,320,034	-	7,320,034
Salary arrears and pension	23,499,701	-	23,499,701
NITA	-	2,700	2,700
Total	116,381,210	15,747,349	132,128,559

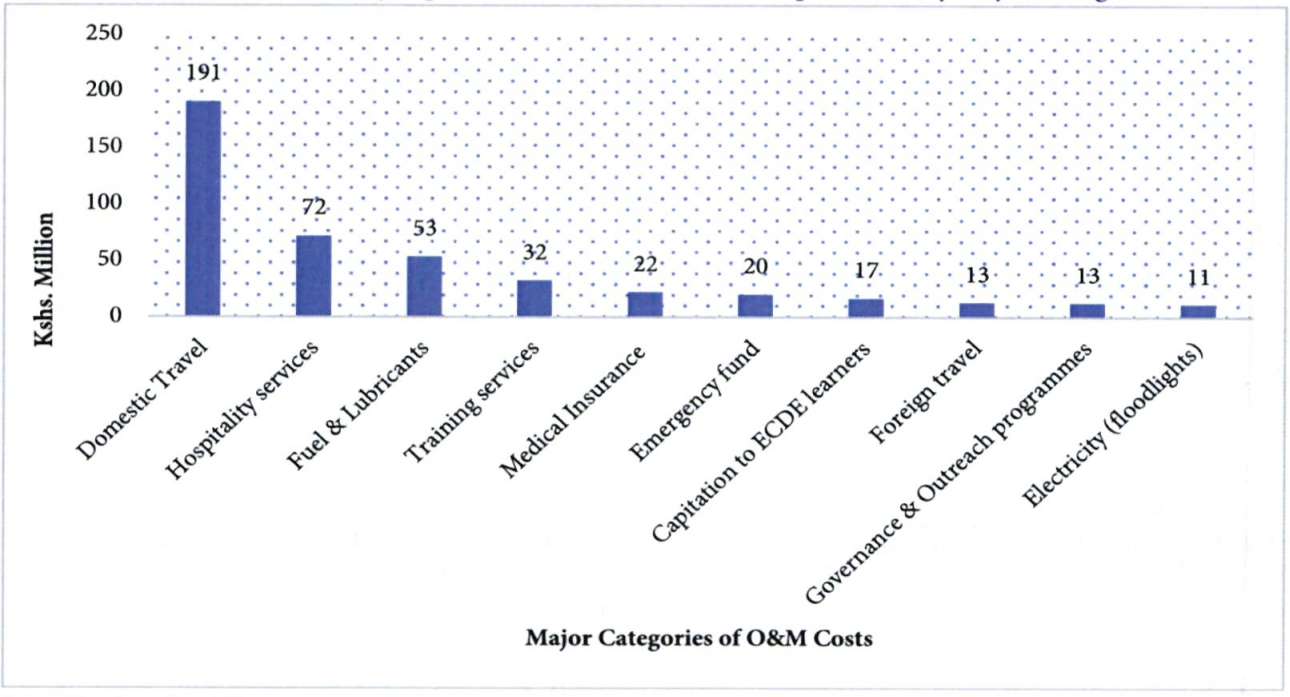
Source: Nyandarua County Treasury

The County Assembly spent Kshs.15.22 million on committee sitting allowances for the 41 MCAs and the Speaker, against the annual budget allocation of Kshs.36.86 million. The average monthly sitting allowance was Kshs.60,387 per MCA. The County Assembly has 17 House Committees.

3.35.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.634.29 million on operations and maintenance, representing an increase of 24 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.831.67 million. Figure 210 summarises the Operations and Maintenance expenditure by major categories.

Figure 210: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyandarua County Treasury*

3.35.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.29.34 million on "*other operating expenses*," which is 5 per cent of the total operations and maintenance expenditure of Kshs.634.29 million. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.519.

Table 3.519: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Governance and outreach programs	12,500,000	12,500,000
2211399	Governor's tournament	14,500,000	7,102,665
2211399	County Lobbying and stakeholders Consultations	2,500,000	1,000,000
2211311	Contracted professional and technical services	1,700,000	1,000,000
2211399	Kenya National Drama and Film Festival (County, Regional and National levels)	1,200,000	625,614
2211399	Development of HR policies	1,000,000	600,000
2211306	Membership fees, dues, & subscriptions to professional & trade bodies		264,286
	Total	33,400,000	23,092,665

Source: *Nyandarua County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: contracted professional and technical services, Subscription to professional bodies, e.tc.

3.35.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.289.81 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.520 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.520: Performance of Nyandarua County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Nyandarua County Emergency Fund	2016	40,000,000	20,000,000	20,000,000	-	YES
2.	Nyandarua County Bursary Fund	2016	144,811,420		-	-	YES
3.	Nyandarua county Executive mortgage fund	2019	60,000,000		-		YES
4.	Agricultural Institutions Revolving Fund		5,000,000	5,000,000	5,000,000		YES
		County Assembly Established Funds					
1.	Nyandarua County Assembly Staff Car & Mortgage		40,000,000	19,000,000	19,000,000		YES
2.	Nyandarua County Assembly MCAs Car & Mortgage		-				
	Total		**289,811,420**	**44,000,000**	**44,000,000**		

Source: *Nyandarua County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from one Fund Administrators, contrary to the requirement under Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the emergency fund and Nyandarua County Assembly Staff Car & Mortgage were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly.

3.35.13 County Corporations

The County has 2 corporations, which were allocated Kshs.33.22 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.16.89 million, as shown in Table 3.521.

Table 3.521: Performance of Nyandarua County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Olkalou Water & Sewerage	47,850,105	-	40,812,450	-
2	Nyandarua water & sanitation	78,222,884	-	30,375,621	-
	Total	**126,072,989**		**71,188,070**	

Source: *Nyandarua County Treasury*

3.35.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.190.51 million and comprised Kshs.69.77 million spent by the County Assembly and Kshs.120.74 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.01 million and comprised Kshs.12.91 million by the County Assembly and Kshs.0.1 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.522.

Table 3.522: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	5	10th to 17th August 2025	Payment of allowances during the Commonwealth Hansard editors' biennial conference	Accra Ghana	1,060,540
County Assembly	4	6th to 12th September 2025	Payment of allowances during Learning of Parliamentary Practices	Arusha Tanzania	1,201,043
County Assembly	1	19th-25th May 2025	Payment of allowances for travel to Singapore for official duties	Singapore	752,694
County Assembly	10	6th to 13th September 2025	Payment of allowances during Learning tour with the East African Legislative Assembly	Arusha Tanzania	2,914,883
County Assembly	5	26th to 31st August 2025	Payment of allowances during the 3rd East African Community In-House Convention	Kigali Rwanda	1,022,205
County Assembly	1	2nd to 12th November 2025	Being paid allowances in the International Knowledge Exchange Program	Spain Madrid and France Paris	867,655
County Assembly	4	4th to 11th September 2025	Payment of allowances during the 2nd Africa Climate Summit	Addis Ababa	1,665,644

Source: *Nyandarua County Treasury and Nyandarua County Assembly*

3.35.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.151.34 million as FIF, which was 50 per cent of the annual target of Kshs.300 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.90.49 million, as shown in Table 3.523.

Table 3.523: Nyandarua County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level 4 Hospital	2	209,370,922	61,117,451	0.29
2	Level 3 Facility	26	66,844,200	24,362,818	0.36

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
3	Level 2 Facility	60	23,784,878	5,012,821	0.21
	Total	88	300,000,000	90,493,090	0.30

Source: *Nyandarua County Treasury*

3.35.16 Development Expenditure

In the review period, the County reported spending Kshs.383.95 million on development programmes, representing an increase of 25 per cent compared to FY 2024/25, when the County spent Kshs.306.99 million. Table 3.524 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the disbursement of the FY 2024/25 RMLF of Kshs.78.02 million.

Table 3.524: Nyandarua County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
		County Funded Projects								
1		JM Mashujaa complex	Olkalou Town	-	-	1.4 billion	100,000,000	100,000,000	614,150,460	-
2		2nd Payment of Gachuha Bridge Githioro Ward contract No. 1660607-24/25	Githioro ward	-	-	-	-	10,032,417	-	-
3		Completion of Gordon Cultural and mentorship centre (Phase 2) - Engineer	Engineer Ward	-	-	-	8,000,000	6,187,694	-	-
4		Completion of Munyeki Dispensary, Karau ward	Karau Ward	-	-		5,500,000	5,499,999	-	-
5		Upgrade of Ndaragwa health centre radiology completion- Ndaragwa subcounty	Ndaragwa Sub-County	-	-	-	8,700,000	4,661,052	-	-
6		Construction of Kipipiri School Road	-	-	-	-	-	4,000,000	-	-
7		Road improvement along Ndumaka	-	-	-	-	-	3,000,000	-	-
		Donor Funded Projects								
1		Road maintenance levy fund	-	-	-	-	-	78,019,732	-	-
		Equalisation Funded Projects								

Source: *Nyandarua County Treasury*

The County did not report any stalled development projects.

3.35.17 Budget Performance by Department

Table 3.525 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.525: Nyandarua County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	125	-	39.52	-	39.52	-	100	-	32	-
Office of the County Secretary	113.75	-	25.08		25.08		100		22	
County Public Service Board	28	-	11.91	-	11.91	-	100	-	43	-
Public Service Administration & Devolution	2,759	352.50	1,063.52	-	1,276.88	-	120.1	-	46.3	-
Office of County Attorney	39.60	-	2.66	-	2.66	-	100	-	7	-
Finance, Economic Planning & ICT	483.20	272.92	119.61	152.39	119.61	152.39	100	100	25	56
Agriculture, agribusiness, livestock and fisheries	105.61	506.62	17.90	5	17.90	5	100	100	17	1
Health Services	582.95	182.27	74.36	110.75	74.36	110.75	100	100	13	61
Education, Technical Training, Culture, Gender and Social Protection	298.29	111.77	27.58	-	27.58	-	100	-	9	-
Tourism, Cooperatives Development, Trade & Industrialization	55.49	43.50	13.26	-	13.26	-	100	-	24	-
Roads, Transport, Energy &Public Works	103.52	1,392.05	28.44	116.81	28.44	116.81	100	100	27	8
Lands, Housing & Physical Planning	72.09	88.55	9.80	-	9.80	-	100	-	14	-
Water, Environment, Climate Change & Natural Resources	56.25	502.12	8.89	4	8.89	4	100	100	16	1
Youth, Sports & Innovation	106.22	13.10	24.36	-	24.36	-	100	-	23	-
Ol Kalou Municipality	36	4.20	2.96	-	2.96	-	100	-	8	-
Mairo Inya Municipality	36.35	-	5.31	-	5.31	-	100	-	15	-
Engineer Municipality	34.20	-	2.80	-	2.80	-	100	-	8	-
County Assembly	798.35	123	376.79	-	413.80	-	110	-	52	-
Total	**5,833.86**	**3,592.61**	**1,854.77**	**388.95**	**2,105.14**	**388.95**	**102**	**100**	**36**	**11**

Source: *Nyandarua County Treasury*

Analysis of expenditure by departments shows that the Department of Health recorded the highest absorption rate of development budget at 61 per cent, followed by the Department of Finance, Economic Planning & ICT at 56 per cent. The County Assembly had the highest recurrent expenditure-to-budget ratio at 52 per cent, while the Office of the county attorney had the lowest at 7 per cent.

3.35.18 Budget Execution by Programmes and Sub-Programmes

Table 3.526 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.526: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Finance, Economic Planning & ICT				
Public Finance Management	Economic Development Planning, including pending bills & KDSP phase 1	235,924,293	152,392,021	65
Health Services				
Health infrastructure	Infrastructure and Equipment	182,274,615	110,749,601	61
Roads, Transport, Energy & Public Works				
Road Transport	Transport (Including fuel level, General Administration & Support Services)	1,150,949,776	111,805,532	10
Agriculture, Agribusiness, Livestock & Fisheries				
Crop development and management	land and crop development	345,710,000	5,000,000	1
Water, Environment, Climate Change & Natural Resources				
Environment	Climate change resilience	314,000,000	4,000,000	1
RECURRENT				
Finance, Economic Planning & ICT				
Public Finance Management	Economic Development Planning, including pending bills & KDSP phase 1	47,925,462	35,868,567	75
	Treasury services	19,199,100	11,559,070	60
	Financial reporting	7,800,000	5,184,412	66
Education, Children, Gender Affairs, Culture & Social Services				
General administration, planning & support	Alcohol Drinks Control and Civic Education	-	-	-
Trade, Industrialization & Cooperatives				
Industrial Development & Investment	Industrialization	5,950,000	4,058,952	-

Source: *Nyandarua County Treasury*

The development sub-programmes with the highest budget implementation rates included Economic Development Planning, including pending bills & KDSP phase 1 in the Department of Finance, Economic Planning & ICT at 65 per cent, Infrastructure & equipment in the Department of Health at 61 per cent, and Transport (Including fuel level, General Administration & Support Services) at 10 per cent. For recurrent sub-programmes, the top performers were Economic development planning, including pending bills & KDSP phase 1, Treasury services and Financial reporting, all in the Department of Finance, Economic Planning & ICT, at 75 per cent, 60 per cent and 66 per cent, respectively.

Table 3.527 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.527: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
RECURRENT				
Agriculture, Agribusiness, Livestock & Fisheries				
Crop development and management	Agricultural Support Institutions	5,000,000	-	-
Office of the Governor				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
General administration, planning & support	Governor's press services and administrative support	8,660,000	-	-
	Liaison and Intergovernmental Relations	28,980,000	-	-
	Special Programs and Diaspora Affairs	6,500,000	-	-
	Public Participation and Civic Education	6,000,000	-	-

Source: *Nyandarua County Treasury*

Analysis of expenditure by development programmes and sub-programmes shows that only five departments incurred expenditure on development. For recurrent sub-programmes, poor performers were agricultural institutions in the Department of Agriculture, Governor's press services & administrative support, Liaison & Intergovernmental Relations, and Special Programs & Diaspora Affairs, all in the Office of the Governor, did not incur any recurrent expenditure.

3.35.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 119 accounts in commercial banks, including 84 for Health Facilities, 30 for Vocational Training Centres, 7 for Established Funds, 11 special-purpose accounts (additional allocations), and 3 for the Municipalities.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of the commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.35.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nyandarua County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.227.14 million against an annual target of Kshs.975 million, representing 23 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.383.95 million on development activities, achieving an 11 per cent absorption rate.
iii. High level of trade payables, which amounted to Kshs.1.09 billion as of 31st December 2025, despite, the County Treasury adhering to the payment plan for trade payables.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.73.08 million for staff not onboarded to the HRIS and for casual staff processed through manual payroll, accounting for 6 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vi. The County reported Kshs.29.34 million under "*other operating expenses,*" accounting for 5 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

iii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

v. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

vi. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.36. County Government of Nyeri

3.36.1 Overview of FY 2025/26 Budget

The Nyeri County Approved Budget for FY 2025/26 is Kshs.8.52 billion. It comprises Kshs.2.69 billion (32 per cent) and Kshs.5.83 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.235.15 million (3 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.89 billion and a recurrent budget of Kshs.5.86 billion. The decrease in the budget was primarily due to a decline in additional allocations.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.6.52 billion (77 per cent), additional allocations of Kshs.1.2 billion (14 per cent), and Kshs.800 million (9 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.528.

3.36.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.50 billion. This amount represented a decrease of 1.1 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.3.54 billion. The total revenue consisted of Kshs.2.86 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.10.26 million, as well as the own-source revenue (OSR) collection of Kshs.659.66 million. The total OSR collection of Kshs.633.51 million including Facilities Improvement Financing (FIF) of Kshs.396.89 million. Table 3.528 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.528: Nyeri County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	-	-	-	-	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	-	-	-	-	-
	Sub-Total	-	-	-	-	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,518,609,255	2,861,895,059	-	2,861,895,059	3,656,714,196
	Sub-Total	**6,518,609,255**	**2,861,895,059**	-	2,861,895,059	3,656,714,196
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Kenya Informal Settlement programme (KISIP II)	37,500,000	-	-	-	37,500,000
2	Kenya Informal Settlement programme (KISIP II)	352,500,000	-	-	-	352,500,000

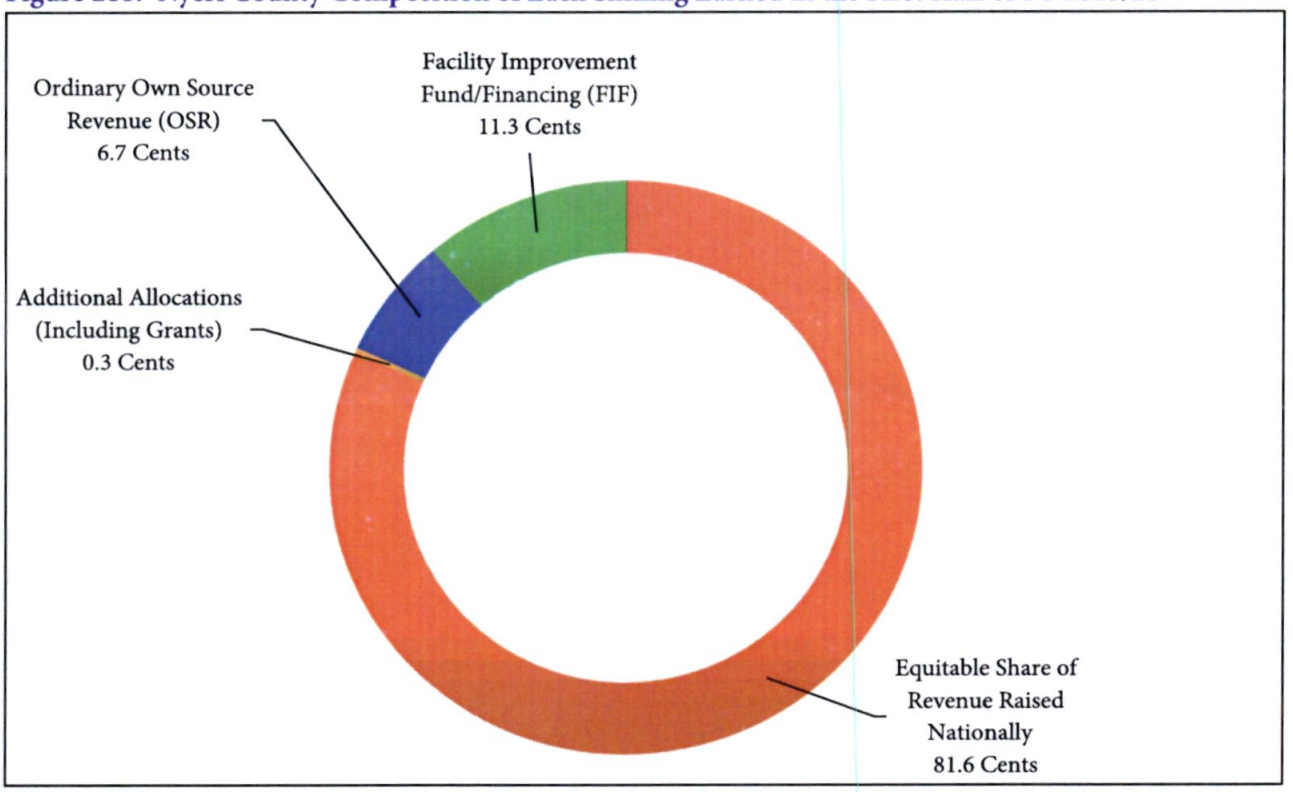
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
3	The Danish International Development Agency (DANIDA)	8,721,000	-	-	-	8,721,000
4	Aggregated Industrial Park Program-me(CAIP)	250,000,000	-	-	-	250,000,000
5	IDA (World Bank) Credit - National Agricultural Value Chain Development Programme (NAVCDP)	231,250,000	-	-	-	231,250,000
6	Aquaculture Business Development Programme (ABDP)	16,769,367	-	-	-	16,769,367
7	Kenya Urban Support Prgramme UIG	35,000,000	-	-	-	35,000,000
8	IDA (World Bank) Credit - (Financing Locally - Led Climate Action (FLLoCA) program - County Climate Institutional Support (CCIS) Grants	136,000,000	10,263,053	-	10,263,053	125,736,947
	Sub-Total	**1,067,740,367**	**10,263,053**	-	10,263,053	1,057,477,314
E	**Ordinary Own Source Revenue (OSR)**					
1	Liquer Licence	70,000,000	33,893,890	-	33,893,890	36,106,110
2	Veterinary, Slaughtering & Slaughter-house Inspection charges	9,600,000	2,731,640	-	2,731,640	6,868,360
3	Business Permits	130,000,000	13,590,662	-	13,590,662	116,409,338
4	Commision 3%/Agency Fee (Fees from KHC, Insurance Firms, e.t.c.)	5,000,000	3,185,338	-	3,185,338	1,814,662
5	Cess (Quarry, Produce, Kaolin, e.t.c.)	45,000,000	22,277,195	-	22,277,195	22,722,805
6	Street Parking Fees	48,000,000	14,996,059	-	14,996,059	33,003,941
7	Land Rates/ Other Property Charges	70,000,000	9,590,306	-	9,590,306	60,409,694
8	Housing Estates Monthly Rent	30,000,000	11,714,785	-	11,714,785	18,285,215
9	Approvals (Extension of users, Pegging for Kiosk, Subdivision, transfer, Amal-gamation, survey, Occupation Cert, boundary dispute e.t.c.)	23,000,000	9,927,155	-	9,927,155	13,072,845
10	Sign Boards & Advertisement Fee	44,500,000	8,337,670	-	8,337,670	36,162,330
11	Buildings Plan Approval Fee/Buildings Inspection Fee	32,000,000	11,607,877	-	11,607,877	20,392,123
12	Refuse Collection Fee/Tipping charges/ Garbage Dumping Fee/waste disposal charges	50,000,000	9,781,450	-	9,781,450	40,218,550
13	Other Revenues	242,900,000	84,986,493	-	84,986,493	157,913,507
	Sub-Total	**800,000,000**	**236,620,520**	-	**236,620,520**	**563,379,480**
F	Facility Improvement Fund/Financing (FIF)					
1	SHIF	-	-	-	-	-
2	Defunct NHIF	-	-	-	-	-
3	Other	-	-	-	-	-
4	County Referral Hospital	358,446,215	144,796,225.05	-	144,796,225	213,649,990
5	Karatina	164,956,676	47,240,048	-	47,240,048	117,716,628
6	Mukurweini	101,659,294	30,673,836.50	-	30,673,837	70,985,458
7	Othaya	48,151,419	10,180,130	-	10,180,130	37,971,289
8	Mt. Kenya	43,990,046	14,131,703.05	-	14,131,703	29,858,343
9	Naromoru	48,398,589	13,094,780	-	13,094,780	35,303,809
10	Ihururu Rehab Centre	27,809,653	7,090,782.05	-	7,090,782	20,718,871
11	Level 2 and 3	56,588,108	129,685,164.50	-	129,685,165	-73,097,057
	Sub-Total	850,000,000	396,892,669	-	396,892,669	453,107,331

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
G	Appropriations in Aid					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
H	Other Revenues					
1	Community Health Promoters	74,250,000	-	-	-	74,250,000
2	Court Fines	76,000	-	-	-	76,000
3	Doctors Salaries Arrears	55,172,326	-	-	-	55,172,326
	Sub-Total	**129,498,326**	-	-	-	**129,498,326**
	Grand Total	9,365,847,948	3,505,671,301	-	3,505,671,301	5,860,176,647

***Source:** Nyeri County Treasury*

Figure 211 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 211: Nyeri County Composition of Each Shilling Earned in the First Half of FY 2025/26

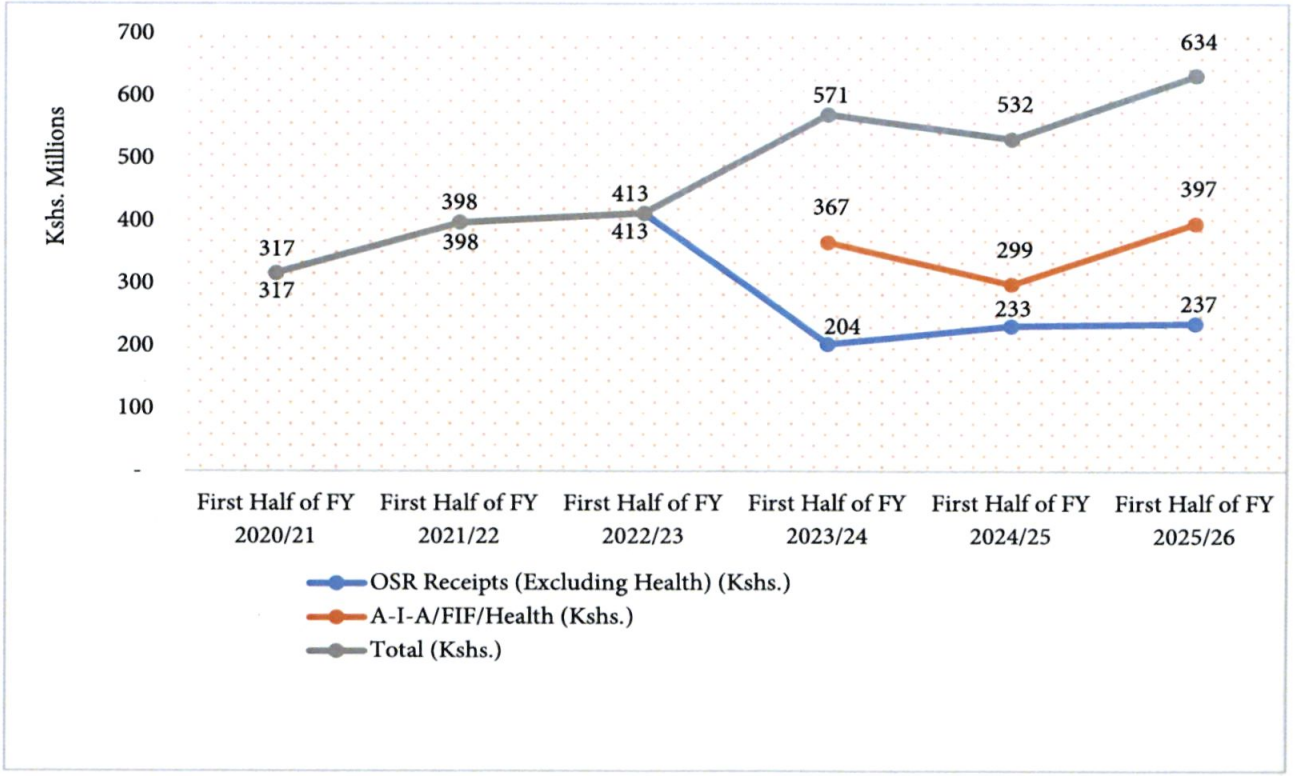


***Source:** Nyeri County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 82 per cent, 7 per cent, and 11 per cent, respectively, to total receipts for the reporting period.

Figure 212 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 212: Nyeri County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

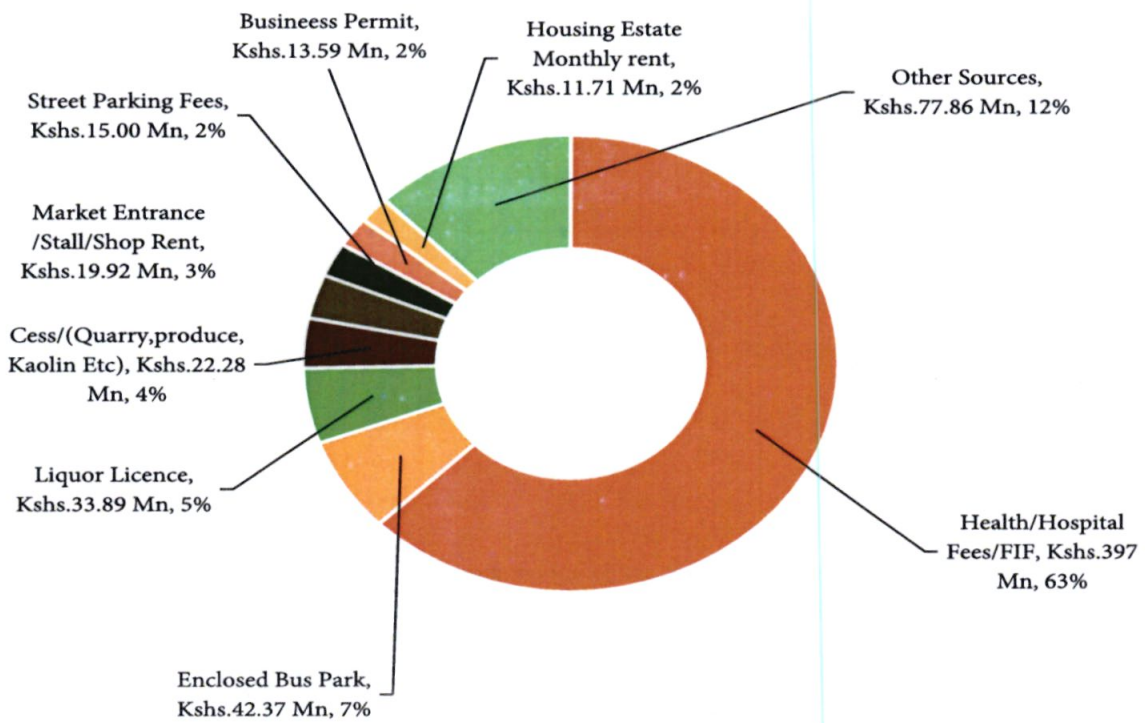


Source: *Nyeri County Treasury*

During the first half of FY 2025/26, the County received Kshs.633.51 million from OSR, including FIF. This amount was an increase of 19 per cent compared to Kshs.531.88 million realised in a similar period in FY 2024/25, and was 38 per cent of the annual target and 22 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 213

Figure 213: Nyeri County Top Own Source Revenue Streams in the First Half of FY 2025/26.



Source: Nyeri County Treasury

As shown in Figure 213, the highest revenue stream, at Kshs.397 million, was from health/hospital fees/FIF, accounting for 63 per cent of the total OSR receipts. The County Government indicated that it has automated 20 revenue streams out of 55

3.36.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.1.12 million, which increased to Kshs.1.3 million as of 31st December 2025. Table 3.529 presents a breakdown of the County's revenue arrears.

Table 3.529: Nyeri County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
D	**Ordinary Own Sources of Revenue**					
1	**Land Rates**	**606,188,728**	**7,265,049**	**7,617,402**	**15,171,687**	**614,095,366**
2	**Property**	54,803,431	**100,425**	**10,324,919**	**2,019,372**	**56,722,378**
	Sub-Total	**660,992,159**	**7,365,474**	**17,942,321**	**17,191,059**	**670,817,744**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	456,177,778	21,174,991		198,549,132	**633,551,919**
	Sub-Total	**456,177,778**	**21,174,991**	-	**198,549,132**	**633,551,919**
	Grand Total	**1,117,169,937**	**28,540,465**	**17,942,321**	**215,740,191**	**1,304,369,663**

Source: Nyeri *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.1.3 billion, comprising Kshs.670.82 million (51 per cent) for Own Source Revenue (OSR) and Kshs.633.56 (49 per cent) for Facility Improvement fund(FIF) The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include sensitizing tax payers and taking legal action on defaulter and constant follow up to collect the outstanding arrears.

3.36.4 Borrowing by the County

Nyeri County did no borrow any funds during the period under review

3.36.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totaling Kshs.2.73 billion from the Nyeri County Revenue Fund (CRF) account. This amount consisted of Kshs.2.55 billion (94 per cent) designated for development programs and Kshs.174.59 million (per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.2 billion was allocated for employee compensation, and Kshs.1.35 million for operations and maintenance expenditures. Within the operations and maintenance category,4 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.101.23 million, which included Kshs.40.4 million for the County Executive and Kshs.60.86 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.25.5 millionfor the County Assembly as the County Executive did not incur and foreign expenditure

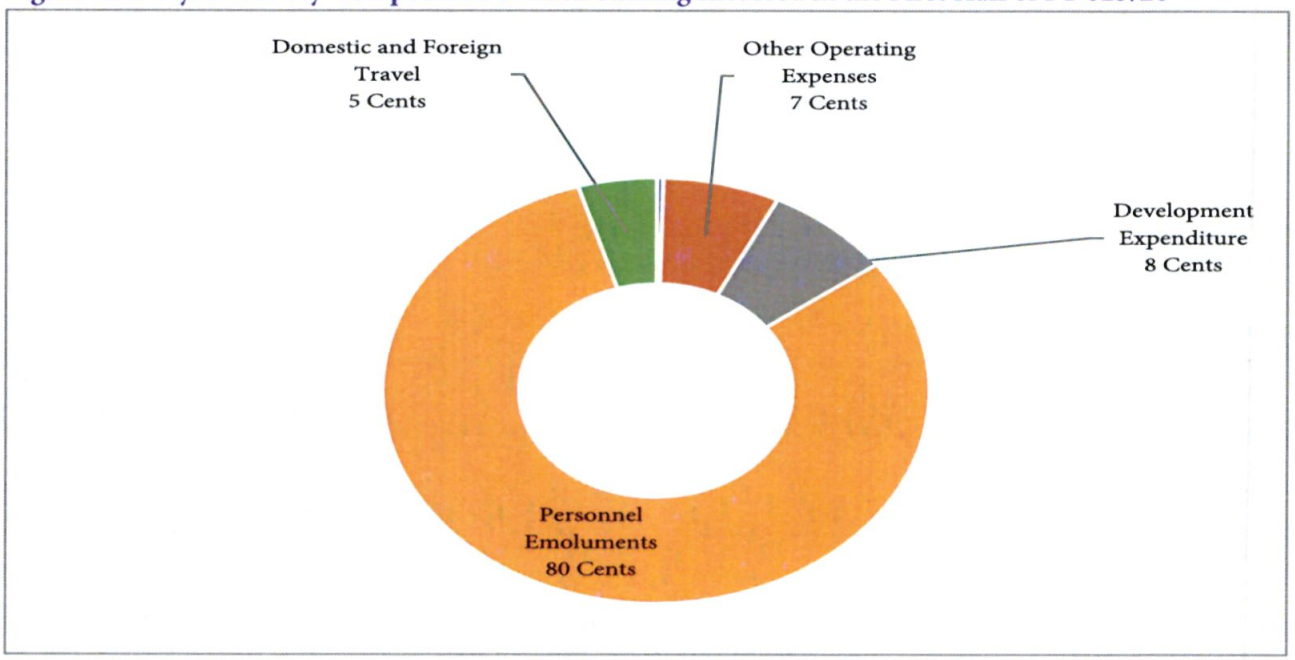
As of December 31, 2025, the County Government's cash balance in the Nyeri CRF account was Kshs.730.48 million.

3.36.6 Expenditure Review

The County spent Kshs.2.75 billion on development and recurrent programmes in the reporting period. The expenditure represented 101 per cent of the total funds released by the CoB. It comprises Kshs 208.19 million for development programmes and Kshs.2.55 billion for recurrent programmes. Expenditure on development programmes accounted for 4 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 44 per cent of the annual recurrent expenditure budget.

Figure 214 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 214: Nyeri County Composition of Each Shilling Incurred in the First Half of FY 025/26



Source: Nyeri *County Treasury*

3.36.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.356.63 million. This amount consisted of Kshs.342.36 million from the County Executive and Kshs.14.27 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.322.46 million for recurrent expenditure and Kshs.19.9 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs13.88 million, comprising Kshs.6.43 million (46 per cent) for recurrent programmes and Kshs.7.45 million (54 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.14.27 million for recurrent activities. The outstanding trade

payables as of 31st December 2025 were Kshs.328.48 million for the County Executive and nil for the County Assembly. Table 3.530 provides additional details of trade payables.

Table 3.530: Nyeri County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	19,900,149	322,459,478	342,359,627
	County Assembly		14,270,100	14,270,100
	Total	19,900,149	336,729,578	356,629,727
Amount paid in FY 2025/26	County Executive	7,450,383	6,434,122	13,884,505
	County Assembly		14,270,100	14,270,100
	Total	7,450,383	20,704,222	28,154,605
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	12,449,766	316,025,356	328,475,122
	County Assembly	-	-	-
	Total	12,449,766	316,025,356	328,475,122

Source: Nyeri *County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.336.73 million and Kshs.19.9 million on recurrent and development expenditure, respectively, in FY 2025/26. The County Assembly adhered to this payment plan, as it cleared Kshs.14.27 million, while the county Executive did not adhere to the payment plan because it cleared only 13.88 million 0ot of 342.36 million

Table 3:531 and Table 3:532 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.328.78 million.

Table 3.531: Nyeri County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	13,198,418	6,701,731	-	-	19,900,149
Recurrent Trade Payables (Goods & Services)	133,883,918	60,718,693	1,429,950	2,058,563	198,091,124
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	862,539	26,879	-	71,372,275	72,261,693
Recurrent Trade Payables (Staff Claims)	24,676,079	4,252,747	3,509,880	5,783,450	38,222,156
Recurrent Trade Payables	159,422,536	64,998,319	4,939,830	79,214,288	308,574,973
Executive Trade Payables	172,620,954	71,700,050	4,939,830	79,214,288	328,475,122
% of Executive Trade Payables	52.55	21.83	1.50	24.12	100

Source: Nyeri *County Treasury*

Table 3.532: Nyeri County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	-	-	-	-
Total Trade Payables	-	-	-	-	-
% of Total	%	%	%	%	0%

Source: Nyeri *County Treasury*

The County did not adhere to the Trade Payables Action plan, as it did not clear the payables by the end of the half-year as indicated.

3.36.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.09 billion on compensation of employees, Kshs.175.53 million on operations and maintenance, and Kshs.208.19 million on development activities. Similarly, the County Assembly spent Kshs.124.01 million on compensation of employees, Kshs.153.81 million on operations and maintenance, and nil on development activities, as shown in Table 3:533.

Table 3.533: Nyeri County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
County Executive						
Recurrent	**5,119,082,459**	**2,267,470,961**	-	**2,267,470,961**	**99.81**	**44**
Compensation to Employees	4,147,204,630	2,091,943,300		2,091,943,300	**100**	50
Operations & Maintenance	971,877,829	175,527,661		175,527,661	**97.59**	18
Development	**2,656,213,975**	**208,194,096**		**208,194,096**	**119.25**	**8**
Executive Sub-total	**7,775,296,434**	**2,475,665,057**	-	**2,475,665,057**	**101.20**	**32**
County Assembly						
Recurrent	**710,551,514**	**277,820,388**	-	**277,820,388**	**99.44**	**39**
Compensation to Employees	259,872,014	124,013,352		124,013,352	**94.99**	48
Operations & Maintenance	450,679,500	153,807,036		153,807,036	**103.34**	34
Development	**30,000,000**	-			-	-
Assembly Sub-total	**740,551,514**	**277,820,388**	-	**277,820,388**	**99.44**	**38**
Combined County Totals						
Total Recurrent	**5,829,633,973**	**2,545,291,349**	-	**2,545,291,349**	**99.77**	**44**
Compensation to Employees	4,407,076,644	2,215,956,652	-	2,215,956,652	**99.71**	50
Operations & Maintenance	1,422,557,329	329,334,697	-	329,334,697	**100.19**	23
Total Development	**2,686,213,975**	**208,194,096**	-	**208,194,096**	**119.25**	**8**
Grand Total	**8,515,847,948**	**2,753,485,445**	-	**2,753,485,445**	**101.02**	**32**

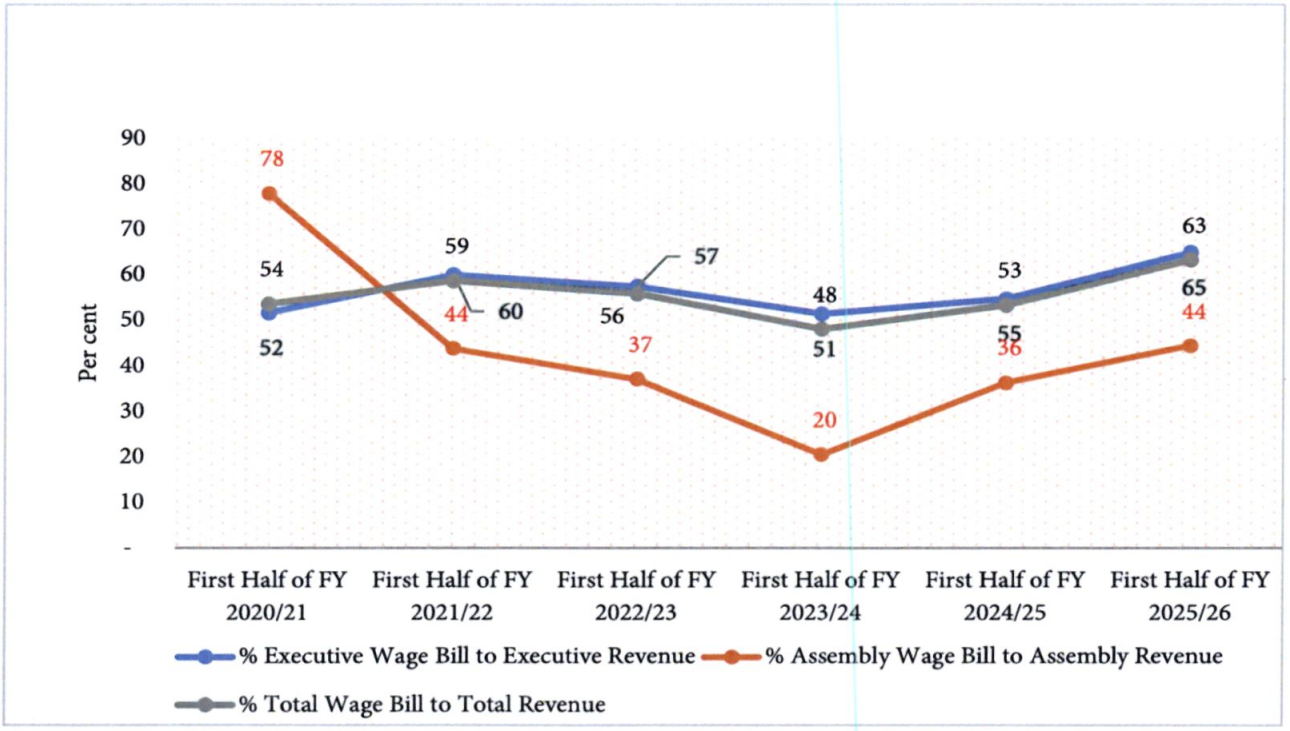
Source: *Nyeri County Treasury*

3.36.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.22 billion. The compensation-to-revenue ratio was 63 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.25 billion is related to Health Sector employees, accounting for 56 per cent of the overall employees' compensation.

Figure 215 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 215: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Nyeri County Treasury

Further analysis indicated that PE costs totalling Kshs.2.04 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.172.13 million was processed through manual payroll, accounting for 8 per cent of the total PE cost.

The manual payroll comprised salaries for 200 staff not onboarded into the Human Resource Information System (HRIS), salaries for 50 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/ LAPFUND Pension Contributions, as shown in Table 3.534.

Table 3.534: Breakdown of Nyeri County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	606,147	6,266,944	6,873,091
Salaries for casual staff	262,937		262,937
Top-up Allowances for security officers	18,706,944	6,670,444	25,377,388
LAPTRUST/LAPFUND Pension Contributions	67,333,790		67,333,790
Gratuity for contract staff	46,3890,262	1,403,820	47,784,082
Youth			-
Community Health Workers	24,497,500		24,497,500
Total	157,787,580	14,341,208	172,128,788

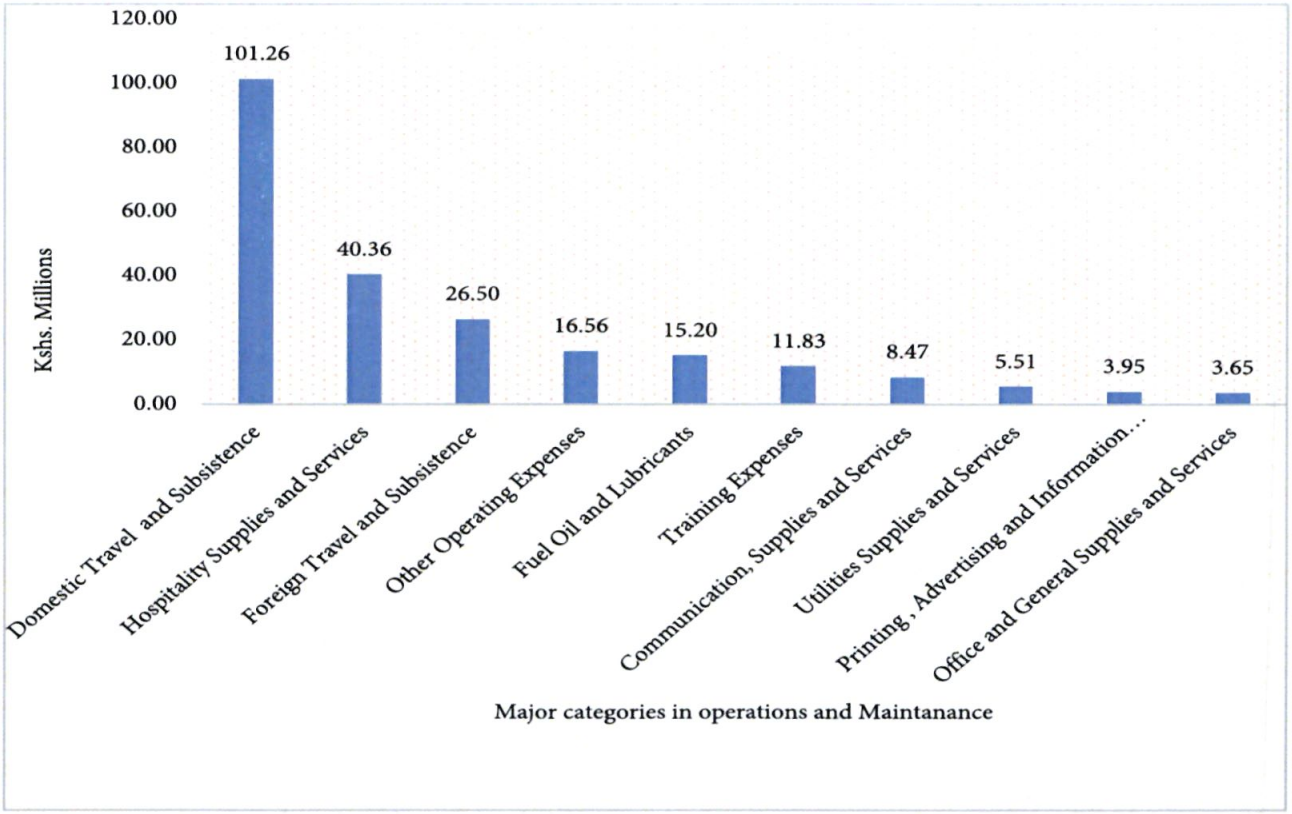
Source: Nyeri County Treasury

The County Assembly spent Kshs.10.28 million on committee sitting allowances for the 43 MCAs against the annual budget allocation of Kshs.18 million. The average monthly sitting allowance was Kshs.39,846 per MCA. The County Assembly has 24 House Committees.

3.36.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.329,33 million on operations and maintenance, representing a decrease of 15 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.387.85 million. Figure 216 summarises the Operations and Maintenance expenditure by major categories.

Figure 216: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri *County Treasury*

3.36.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.10.66 million on "*other operating expenses*," which is 3 per cent of the total operations and maintenance expenditure of Kshs.329.33 million as shown in Table 3.535.

Table 3.535: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted Guards and Cleaning Services	18,180,920	2,256,060.20
2211395	Membership fees, Dues, and Subscriptional and Trade Bodies	9,099,291	348,270
2211399	Office expense July to Dec 2025, Edarasha Ward	287,670	287,670
2211399	Office expense from July to Dec 2025, Gakawa Ward	288,000	288,000
2211399	office expenseJul to Dec 2025 ruare ward	288,000	288,000
2211399	office expense Jul to Dec 2025 ruare ward	286,560	286,560
2211399	Office expense, Jul to Dec 2025, nominated member	288,000	288,000
2211399	office expenseJul to Dec 2025 mugunda ward	287,460	287,460
2211399	office expense Jul to Dec 2025 nominated member	287,760	287,760
2211399	office expense Jul to Dec 2025, nominated member	287,580	287,580
2211399	office expenseJul to Dec 2025 nominated member	288,000	288,000
2211399	Office expense, July to Dec 2025, Kiganjo Ward	288,000	288,000
2211399	Office expense, Jul to Dec 2025, Kiamathaga ward	288,000	288,000
2211399	Office expense, July to Dec 2025, Konyu Ward	287,880	287,880
2211399	office expenseJul to Dec 2025 nominated member	288,000	288,000
2211399	office expenseJul to Dec 2025 nominated member	288,000	288,000
2211399	Office expense, July to Dec 2025, Ruguru Ward	288,000	288,000
2211399	Office expense, Jul to Dec 2025, nominated member	288,000	288,000
2211399	Office expense, Jul to Dec 2025, nominated member	288,000	288,000
2211399	Office expense, July to Dec 2025, Gatarakwa Ward	288,000	288,000
2211399	Office expense Jul to Dec 2025 nominated member	288,000	288,000

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	office expense Jul to Dec t 2025 Gatarakwa Ward	287,820	287,820
2211399	office expense july august 2025 chinga ward	287,010	287,010
2211399	office expense july august 2025 nominated member	288,000	288,000
2211399	Office Expense August 2025 Konyu Ward	288,000	288,000
2211399	office expense july 2025 karima ward	288,000	288,000
2211399	Office expense July to Sep 2025 Kabaru Ward	288,000	288,000
2211399	Office expense, August 2025, nominated member	288,000	288,000
2211399	Office expense July and August 2025, Mahiga Ward	287,310	287,310
2211399	Office expense, July and August 2025, nominated member	288,000	288,000
	Total	**35,339,261**	**10,663,380.20**

Source: Nyeri *County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include:* Contracted Guards and Cleaning Services

3.36.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.100 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County did not allocate any funds to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.536 summarises each established Fund's budget allocation and performance during the reporting period.

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.100 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County did not allocate any funds to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.536 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.536: Performance of Nyeri County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26(Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31st December 2025 (Kshs)	Submission of Financial Statements as of 31st December 2025 (Yes/No)
	County Executive Established Funds					
1.	Elimu Fund	100,000,000	-	-	342,000,000	-
2.	Emergency Fund	Nil	-	-	20,000,000	No
3.	Health Fund	Nil	-	-	141,701,379	No
4	Enterprise Development Fund	Nil	-	-	40,000,000	No
5	Car Mortgage Fund (Executive)	Nil	-	-	100,000,000	No
	County Assembly Established Funds					
1	Car & Mortgage Fund (Assembly Members)	Nil	-	-	184,000,000	No
2	Car Mortgage Fund (Assembly Staff)	Nil	-	-	122,393,125	No
	Total	**100,000,000**			**850,094,504**	

Source: Nyeri *County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from Elimu Fund Administrators, as indicated in Table 3.536

3.36.13 County Corporations

The County Corporations are autonomous, thus did not receive allocations from the mainstream budget.

3.36.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.101.26 million and comprised Kshs.60.86 million spent by the County Assembly and Kshs.40.4 million by the County Executive. Expenditure on foreign travel amounted to Kshs.26.5 million incurred by the County Assembly, while the County Executive. Did not incur any Expenditure on foreign travel as summarised in Table 3.537.

Table 3.537: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	4	4th-11th September 2025	While on official duties to attend a training session for adults in scouting	Arusha	1,863,534		1,863,534
County Assembly	23	5th-15th Oct 2025	While in Arusha, attending the East African Legislative Assembly for a study tour.	Arusha	8,704,570		8,704,570
County Assembly	46	21st-27th Sept 2025	While attending a training on budget implementation, monitoring, and oversight for county assemblies.	Arusha	15,601,550		15,601,550
County Assembly	1	14th-19th September 2025	While on official duties to attend a training on budget implementation, monitoring, and oversight for county assemblies	Arusha	329,796		329,796
Total					26,499,450	-	26,499,450

Source: Nyeri County Treasury and Nyeri County Assembly

3.36.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.397 million as FIF, which was 47 per cent of the annual target of Kshs.850 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.397 million, as shown in Table 3.538.

Table 3.538: Nyeri County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	County Referral Hospital	1	358,446,215	144,796,225	40
2	Karatina	1	164,956,676	47,240,048	29
3	Mukurweini	1	101,659,294	30,673,837	30
4	Othaya	1	48,151,419	10,180,130	21
5	Mt. Kenya	1	43,990,046	14,131,703	32
6	Naromoru	1	48,398,589	13,094,780	27
7	Ihururu Rehab Centre	1	27,809,653	7,090,782	25
8	Level 2 and 3		56,588,108	129,685,165	229
	Total		**850,000,000**	**396,892,669**	**47**

Source: ***Nyeri*** *County Treasury*

3.36.16 Development Expenditure

In the review period, the County reported spending Kshs.208 million on development programmes, representing an increase of 18 per cent compared to FY 2024/25, when the County spent Kshs.175.59 million. Table 3.538 summarises the development projects with the highest expenditure in the reporting period.

Table 3.539: Nyeri County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
Donor Funded Projects										
1	Water, Environment, and Climate Change	Conditional grant for climate change programme	County-wide	FY 2025/2026	FY 2025/2026	11,000,000		10,064,566		91
2	Education, Training and Devolution	Grant to support training in VTCs	County-wide	FY 2025/2026	FY 2025/2026	15,000,000		9,999,835		67
Equalisation Funded Projects										
3	Trade, Cooperatives, Culture and Tourism	Streetlight Bills	County-wide	FY 2025/2026	FY 2025/2026	100,236,242		49,323,219		49
4	Health Services and Public Health	Medical Drugs, Non-Pharmaceuticals, and other specialised medical supplies for specialised programmes.	County-wide	FY 2025/2026	FY 2025/2026	100,000,000		47,254,801		47
5	County Public Service and Solid Waste Management	Fuel (garbage collection and dumpsite management)	County-wide	FY 2025/2026	FY 2025/2026	18,000,000		9,000,000		50
6	County Public Service and Solid Waste Management	Solid waste management; Fuel for Garbage collection trucks-	County-wide	FY 2025/2026	FY 2025/2026	15,645,000		7,500,000		48
7	Trade, Cooperatives, Culture and Tourism	Installation of streetlights	Mahiga	FY 2025/2026	FY 2025/2026	2,000,000		4,512,395		226
8	Roads, Transport, Public Works, Infrastructure and Energy	Ongoing Works - -Recarpeting of Field Marshal Mutungi Road - Upgrading of Muringato road -Upgrading of Kirichu Shopping Centre roads to bitumen standard	Rware Kiganjo/ Mathari	FY 2025/2026	FY 2025/2026	10,000,000		4,413,540		44
9	Water, Environment, and Climate Change	Water Project	Rware	FY 2025/2026	FY 2025/2026	1,000,000		4,340,895		434
10	Roads, Transport, Public Works, Infrastructure and Energy	Purchase of fuel and lubricants	County-wide	FY 2025/2026	FY 2025/2026	15,000,000		3,750,000		25

Source: ***Nyeri*** *County Treasury*

The County reported had no stalled development projects as of 31st December 2025.

Table 3.540: Nyeri County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	-	nil	-	-	-	-	-	-	-	-
2	-	nil	-	-	-	-	-	-	-	-
3	-	nil	-	-	-	-	-	-	-	-

Source: Nyeri County Treasury

3.36.17 Budget Performance by Department

Table 3.541 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.541: Nyeri County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Executive Office of the Governor and the Deputy Governor	117.29	27	43.59	-	40.87	-	93.8	-	34.8	-
Office of the County Secretary	381.35	3.50	85.36	-	84.94	-	99.5	-	22.3	-
Finance, Economic Planning and ICT	535.71	20.05	272.56	-	271.14	-	99.5	-	50.6	-
Lands, Physical Planning and Urban Development	81.47	17.50	24.84	-	24.51	-	98.7	-	30.1	-
Health Services and Public Health	2,627.93	286.50	1,249.02	54.34	1,255.21	54.34	100.5	100.0	47.8	19.0
Gender, Youth, Social Services and Sports	94.12	166.75	32.22	7.01	31.92	5.43	99.1	77.5	33.9	3.3
County Public Service and Solid Waste Management	150.16	44.80	41.48	9	41.18	9	99.3	100.0	27.4	20.1
Agriculture, Livestock and Aquaculture Development	239.20	360.37	115.23	-	115.03	-	-	-	-	-
Trade, Cooperatives, Culture and Tourism	57.60	361.50	22.38	1.01	22.08	1.01	-	-	-	-
Education, Training and Devolution	560.04	498.15	303.30	26.24	300.18	26.45	-	-	-	-
Water, Environment, and Climate Change	77.25	226.89	22.65	-	22.48	28.22	-	-	-	-
County Assembly	710.55	30	279.38	-	277.82	-	99.4	-	39.1	-
County Public Service Board	46.46	6	17.62	-	17.52	-	99.4	-	37.7	-
Roads, Transport, Public Works, Infrastructure and Energy	92.94	498.94	35.92	65.08	35.32	65.08	98.3	100.0	38.0	13.0
County Attorney	23.56	-	3.52	-	3.22	-	91.5	-	13.7	-
Nyeri Municipality	33.99	138.28	2.12	11.91	1.87	18.67	88.4	156.7	5.5	13.5
Department	**5,829.63**	**2,686.21**	**2,551.20**	**174.59**	**2,545.29**	**208.19**	**99.77**	**119.25**	**43.66**	**7.75**

Source: *Nyeri County Treasury*

Analysis of expenditure by departments shows that the Department of County Public Service and Solid Waste Management recorded the highest absorption rate of development budget at 20 per cent, followed by the Department of Health Service and Public Health at 19 per cent. The Department of Finance, Economic Planning, and ICT had the highest recurrent expenditure-to-budget ratio at 51 per cent, while the Department of Nyeri Municipality had the lowest at 6 per cent.

3.36.18 Budget Execution by Programmes and Sub-Programmes

Table 3.542 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.542: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Education, Training and Devolution							
	Administrative Support Services	505,618,413	-	297,399,650	-	58.82	-
	Youth Training and Development	4,310,000	47,500,000	554,868	13,205,361	-	27.80
	Sub Total	509,928,413	47,500,000	297,954,518	13,205,361	-	
Finance, Economic Planning and ICT							
	Administration and personnel services	464,508,770	20,049,590	245,841,754	-	52.93	-
	Budget Preparation, Coordination and Management	2,000,000	-	752,400	-	37.62	-
	Sub-Total	466,508,770	20,049,590	246,594,154	-	-	
Agriculture, Livestock and Aquaculture Development							
	Farm Development	6,630,000	-	3,315,000	-	50	-
	Administration and planning services	225,986,066	15,284,329	109,956,342	-	48.66	-
	Sub-Total	232,616,066	15,284,329	113,271,342	-		-
Health Services and Public Health							
	Preventive, Promotive and Curative Health Services	2,609,318,090	286,500,000	1,255,036,090	54,336,112	48.10	-
	Preventive, Promotive and Curative Health Services	2,609,318,090	286,500,000	1,255,036,090	54,336,112	-	18.97
	Sub-Total	5,218,636,180	573,000,000	2,510,072,180	108,672,224	-	-
Roads, Transport, Public Works, Infrastructure and Energy							
	County access and feeder roads improvement	73,654,844	269,150,000	34,176,188	11,249,169	46.40	-
	Energy Management	18,589,160	218,036,242	894,485	53,835,614	-	24.69
	Sub-Total	92,244,004	487,186,242	35,070,673	65,084,783	-	-
Gender, Youth, Social Services and Sports							
	Recreation and Sporting Services	4,957,500	27,500,000	2,033,650	-	41.02	-
	Sub-Total	4,957,500	27,500,000	2,033,650	-	-	-
Trade, Cooperatives, Culture and Tourism							
	Trade Promotion	50,058,501	338,500,000	19,995,076	258,000	39.94	-
	Sub-Total	50,058,501	338,500,000	19,995,076	258,000	-	-
County Assembly							
	Legislation, Representation and Oversight	710,551,514	30,000,000	277,820,388	-	39.10	-
	Sub-Total	710,551,514	30,000,000	277,820,388	-	-	-
County Public Service and Solid Waste Management							
	Solid Waste Management	9,588,154	33,800,000	1,742,780	9,000,000	-	26.63
Nyeri Municipality							
	Donor Support Services		35,000,000	-	6,753,412	-	19.30
Grand Total		7,285,500,948	1,574,020,161	3,502,811,981	193,973,780	-	-

***Source**: Nyeri County Treasury*

The Development sub-programmes with the highest budget implementation rates included Youth Training and Development in the Department of Education, Training and Devolution at 28 per cent, Energy Management in the Department of Roads, Transport, Public Works, Infrastructure and Energy at 25 per cent, and Municipal Administration Services in the Department of Nyeri Municipality at 19 per cent. For recurrent sub-programmes, the top performers were Administrative Support Services in the Department of Education, Training and Devolution at 59 per cent, Administration and personnel services in the Department

of Finance, Economic Planning and ICT at 53 per cent, and Farm Development in the Department of Agriculture, Livestock and Aquaculture Development at 50 per cent. Their higher performances are attributed to...

Table 3.543 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.543: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Education, Training and Devolution							
	Donor Support Services	44,500,000	352,500,000	1,008,250	0	2.3	
	Youth Training and Development	4,310,000	47,500,000	554,868	13,205,361	12.9	
	ECDE Management	5,615,000	98,150,000	1,216,090	13,247,443		13.5
	Sub Total	54,425,000	498,150,000	2,779,208	26,452,804		
Lands, Physical Planning and Urban Development							
	Building Construction Services	2,425,100		296,500		12.2	
	Sub-Total	2,425,100	0	296,500	-		
Agriculture, Livestock and Aquaculture Development							
	Fisheries Development	1,067,937	5,500,000	93,300	-	8.7	
	Sub-Total	1,067,937	5,500,000	93,300	-		
County Attorney							
	County Legal Services	23,564,237		3,216,910		13.7	
	Sub-Total	23,564,237	0	3,216,910	-		
Roads, Transport, Public Works, Infrastructure and Energy							
	Energy Management	18,589,160	218,036,242	894,485	53,835,614	4.8	
	County access and feeder roads improvement	73,654,844	269,150,000	34,176,188	11,249,169		4.2
	Sub-Total	92,244,004	487,186,242	35,070,673	65,084,783		
Gender, Youth, Social Services and Sports							
	County children's home management	4,000,000		500,372		12.5	
	Administration and personnel services	72,635,628	113,750,000	25,710,170	2,268,171		2.0
	Sub-Total	76,635,628	113,750,000	26,210,542	2,268,171		
Trade, Cooperatives, Culture and Tourism							
	Cooperatives Management Services	3,639,389	9,000,000	1,049,900	749,000		8.32
	Trade Promotion	50,058,501	338,500,000	19,995,076	258,000		0.08
	Sub-Total	53,697,890	347,500,000	21,044,976	1,007,000		
Nyeri Municipality							
	Municipal Administration Services	33,990,880	103,275,000	1,871,110	11,913,540	5.50	
	Sub-Total	33,990,880	103,275,000	1,871,110	11,913,540		
County Public Service and Solid Waste Management							
	Solid Waste Management	9,588,154	33,800,000	1,742,780	9,000,000	18.2	
	Sub-Total	9,588,154	33,800,000	1,742,780	9,000,000		
Water, Environment, and Climate Change							
	Climate Change	13,236,178		1,137,900		8.60	
	Sub-Total	13,236,178	-	1,137,900	-		
Grand Total		**351,286,854**	**1,555,361,242**	**91,721,119**	**106,726,298**		

Source: *Nyeri County Treasury*

The development sub-programmes with the lowest budget implementation rates included Trade Promotion in the Department of Trade, Cooperatives, Culture and Tourism at less than 1 per cent, Administration and personnel services in the Department of Gender, Youth, Social Services and Sports at 2 per cent, and County access and feeder roads improvement in the department of Roads, Transport, Public Works, Infrastructure and Energy at 4 per cent. For recurrent sub-programmes, poor performers were Donor Support Services in the Department of Education, Training and Devolution at 2 per cent, Energy Management in the De-

partment of Roads, Transport, Public Works, Infrastructure at 5 per cent, Municipal Administration Services in the Department of Nyeri Municipality at 6 per cent, and Roads, Transport, Public Works, Infrastructure and Energy in the Department of Water, Environment, and Climate Change at 9 per cent.

3.36.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 32 accounts in commercial banks, including 2 accounts for Health Facilities, s, 11 accounts for Established Funds, 3 revenue accounts, 11 special-purpose accounts (additional allocations),

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.36.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nyeri County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 3rd February 2026
ii. The underperformance of own-source revenue at Kshs.633.51 million against an annual target of Kshs.1.65 billion, representing 38 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.208 million on development activities, achieving a 14 per cent absorption rate.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

3.37. County Government of Samburu

3.37.1 Overview of FY 2025/26 Budget

The Samburu County Supplementary Budget for FY 2025/26 is Kshs.8.11 billion. It comprises Kshs.2.71 billion (33 per cent) and Kshs.5.40 billion (67 per cent) for development. The budget estimates represent an increase of Kshs.727.16 million (10 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.24 billion and a recurrent budget of Kshs.5.14 billion. The increase in the budget was primarily attributed to the rise in the equitable share and own-source revenue.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.6.33 billion (74 per cent), additional allocations of Kshs.1.47 million (17 per cent), a cash balance of Kshs.400 million (5 per cent) brought forward from FY 2024/25, and Kshs.302 million (4 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.544.

3.37.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.05 billion. This amount represented a decrease of 15 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.3.57 billion. The total revenue consisted of Kshs 2.63 billion from the equitable share of revenue raised nationally, additional allocations from the national gov-

ernment and development partners of Kshs.60.85 million, as well as the own-source revenue (OSR) collection of Kshs.238.58 million. Additionally, the County had a cash balance of Kshs.122.75 million from FY 2024/25. The total OSR collection of Kshs.238.58 million included Facilities Improvement Financing (FIF) of Kshs.43.56 million, and Kshs.195.03 million from other OSR sources. Table 3:544 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.544: Samburu County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	400,000,000	118,698,301		118,698,301	281,301,700
2	County Executive Refunds to CRF		24,412		24,412	- 24,412
3	County Assembly Refunds to CRF		4,023,196		4,023,196	- 4,023,196
	Sub-Total	**400,000,000**	**122,745,909**	**-**	**122,745,909**	**277,254,091**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,336,970,364	**2,629,842,701**		2,629,842,701	3,707,127,663
	Sub-Total	**6,336,970,364**	**2,629,842,701**	**-**	**2,629,842,701**	**3,707,127,663**
C	**Transfers from the Equalisation Fund**					
1	...					
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	DANIDA (Health support funds)	7,446,000			-	7,446,000
2	Mineral Royalties	17,501			-	17,501
3	Kenya Livestock Commercialisation Project (KELCLOP)	70,250,000			-	70,250,000
4	Kenya Urban Support Program (Grant)-UIG	35,000,000			-	35,000,000
5	IDA (World Bank Credit: Kenya Urban Support Project (KUSP)- Urban Development Grant (UDG)	70,000,000			-	70,000,000
6	IDA (World Bank) - Credit - Food Systems Resilience Project(FSRP)	246,000,000			-	246,000,000
7	Road Maintenance Levy Fund	47,106,940			-	47,106,940
8	Community Health Promotors	37,500,000			-	37,500,000
9	IDA (World Bank0 Credit-Second Kenya Devolution Support Program (KDSP II)	352,500,000			-	352,500,000
10	World Bank loan for the National Agricultural and Rural Inclusive Growth Project B/F	142,500,000			-	142,500,000
11	Agriculture Sector Development Support Programme (ASDSP) B/F	25,615,979			-	25,615,979
12	ELRP (Locust)	170,000,000			-	170,000,000
13	SWEDEN-Kenya Agricultural Business Development Project (KABDP)	60,855,995	60,855,995		60,855,995	-
14	Balance brought forward 2023-24 - CRF	130,000,000			-	130,000,000

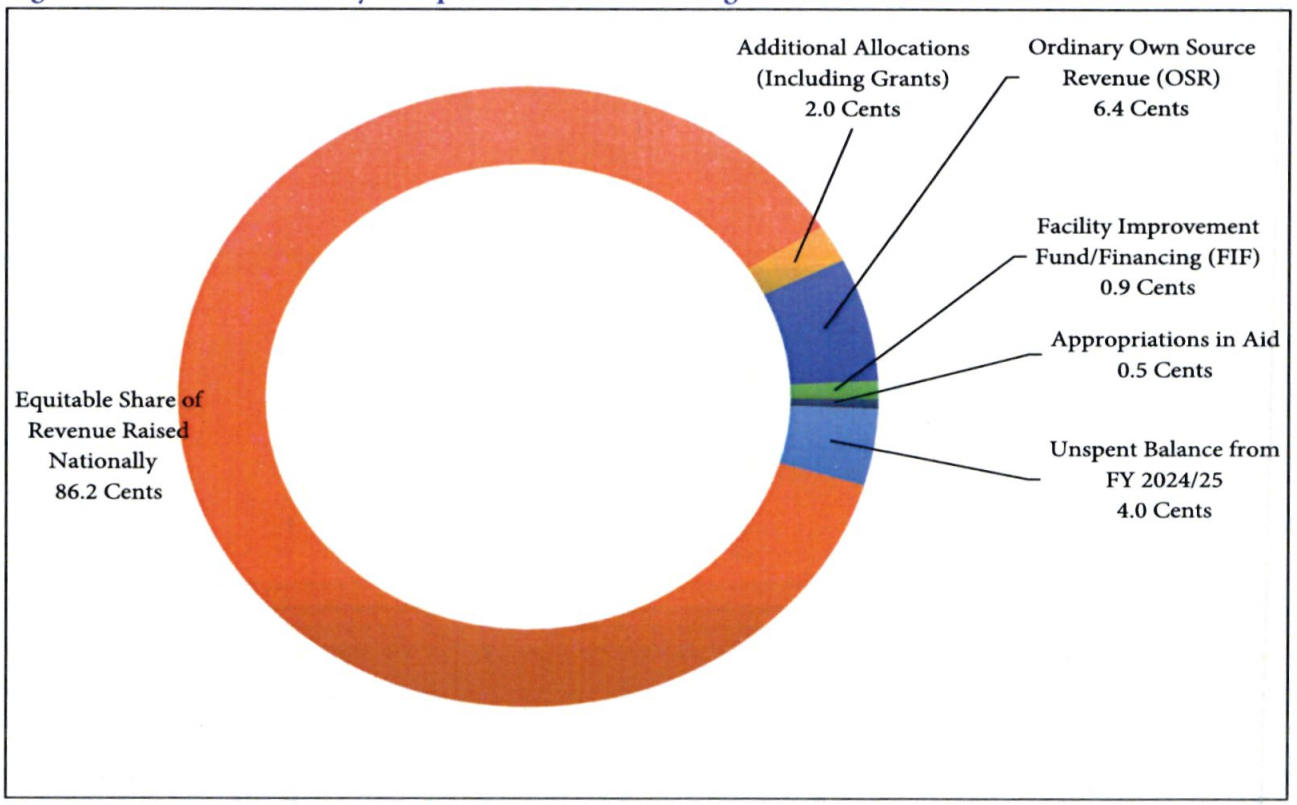
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
15	Finance Localy led Climate Action Program (FLLoCA) Dev	63,933,785			-	63,933,785
16	Finance Localy led Climate Action Program (FLLoCA) b/f Rec	7,671,059			-	7,671,059
	Sub-Total	**1,466,397,259**	**60,855,995**	-	**60,855,995**	**1,405,541,264**
E	**Ordinary Own Source Revenue (OSR)**					
1	Game Parks/Nature Reserves Fees	185,000,000	171,537,809		171,537,809	13,462,191
2	Land Rates	13,027,000	**7,226,543**		7,226,543	5,800,457
3	Total Cess Receipts	14,220,300	**5,822,396**		5,822,396	8,397,904
4	Miscellaneous Revenue	927,900	4,284,008		4,284,008	- 3,356,108
5	Environment and conservancy	15,600,000	1,952,596		1,952,596	13,647,404
6	Wheat Cess				-	-
7	Single Business Permits	18,480,000	1,633,065		1,633,065	16,846,935
8	Markets and Slaughterhouse Fees	12,705,000	1,065,192		1,065,192	11,639,808
9	Liquor License	7,137,900	**980,000**		980,000	6,157,900
10	Vehicle Parking Receipts/ Transport	6,151,500	365,029		365,029	5,786,471
11	Approval of plans and supervision	1,445,900	**75,400**		75,400	1,370,500
12	Advertisement	2,772,000	44,700		44,700	2,727,300
1	Other Revenue	4,897,800	39,100		39,100	4,858,700
	Sub-Total					
F	SHIF	-	28,953,949		28,953,949	- 28,953,949
2	Other	-	28,953,949		28,953,949	- 28,953,949
	Sub-Total					
G	**Appropriations in Aid**					
1	Facility Improvement Fund/ Financing (FIF)	19,635,000	14,601,300		14,601,300	5,033,700
	Sub-Total	**19,635,000**	**14,601,300**	-	**14,601,300**	**5,033,700**
Total	**8,505,367,923**	**3,052,025,691**		-	**3,052,025,691**	**5,453,342,232**

Source: *Samburu County Treasury*

During the period under review, additional allocations from the national government and development partners were below par at 25 per cent due to non-remittance by the development partners. Include an explanation for any performance below 25% of the annual target.

The County does not have governing legislation on the operation of ordinary A-I-A and FIFFigure 217 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

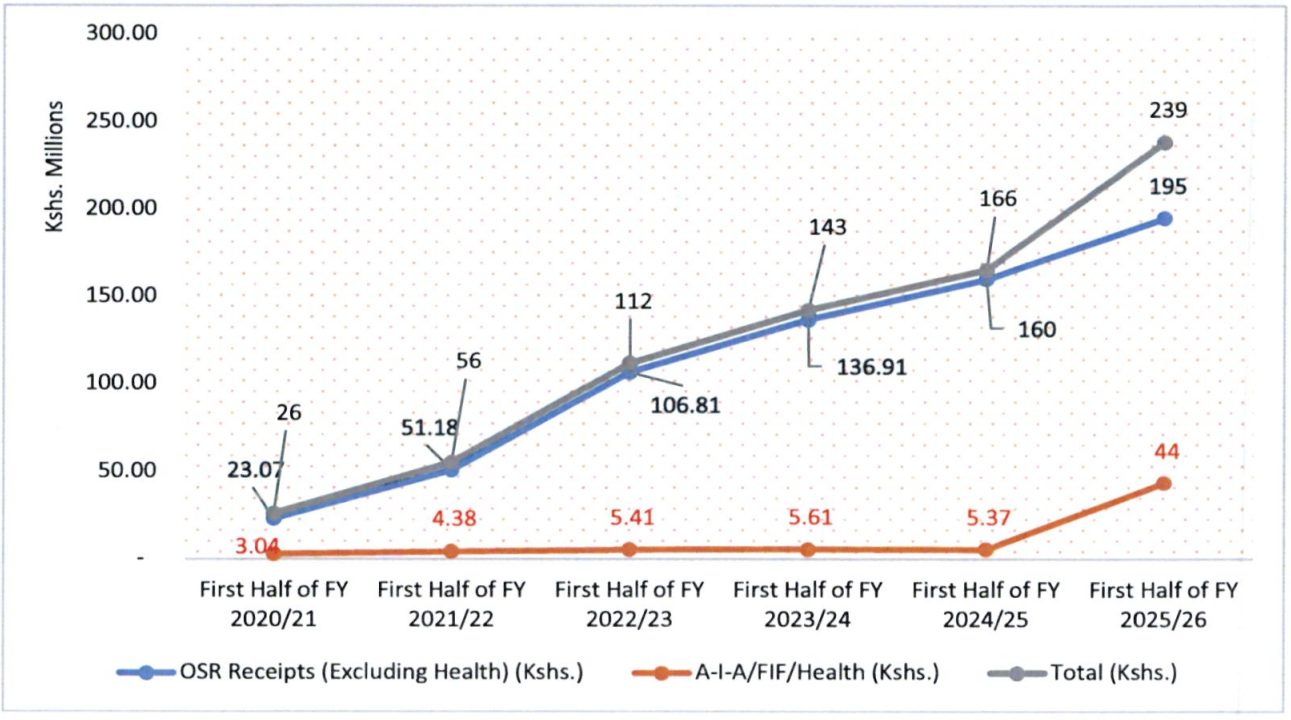
Figure 217: Samburu County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Samburu County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 86 per cent, 6.4 per cent and 0.9 per cent, respectively, of the total receipts for the reporting period. Figure 218 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 218: Samburu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Samburu County Treasury*

During the first half of FY 2025/26, the County received Kshs.238.58 million from OSR, including FIF. This amount was an in-

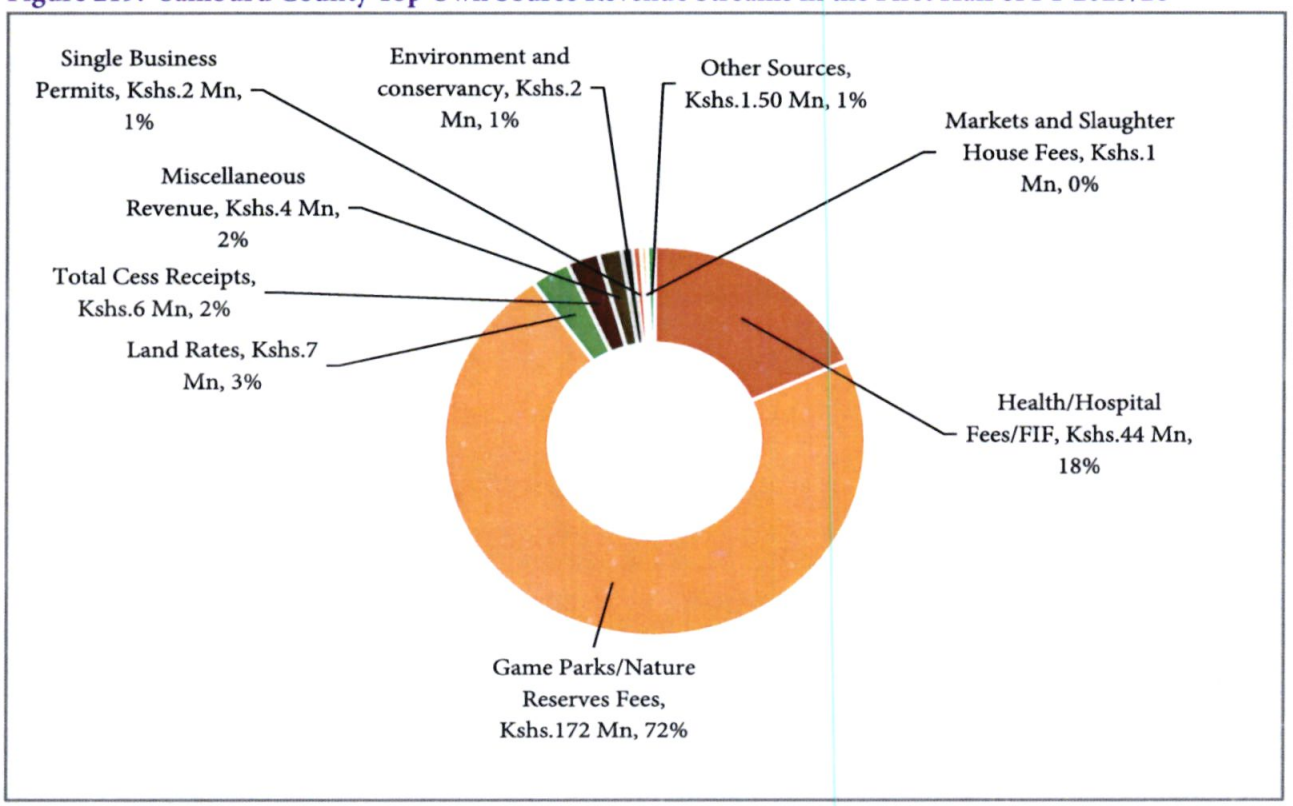
crease of 44 per cent compared to Kshs.165.59 million realised in a similar period in FY 2024/25, and was 79 per cent of the annual target and 9 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to improved revenue accountability in the health sector. The revenue streams that contributed the most to OSR receipts are shown in Figure 219 .

During the period under review, additional allocations from the national government and development partners were below par at 25 per cent due to non – remittance by the development partners. Include an explanation for any performance below 25 per cent the annual target.

The County does not have governing legislation on the operation of ordinary A-I-A and FIF Figure 217 provides a detailed breakdown of receipts, showing a breakdown of each shilling earne.

Figure 219: Samburu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Samburu County Treasury

As shown in Figure 219, the highest revenue stream, at Kshs.172 million, was from game park fees, accounting for 72 per cent of the total OSR receipts. The County Government indicated that it has automated 16 of 19 revenue streams.

3.37.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.22.3 million, which decreased to Kshs.4 million as of 31st December 2025. Table 3.545 presents a breakdown of the County's revenue arrears.

Table 3.545: Samburu County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
E	**Facility Improvement Fund (FIF)**					
1	SHIF	18,825,335		18,825,335		-
2	Defunct NHIF	4,000,000				4,000,000

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
	Sub-Total	**22,825,335**	**-**	**18,825,335**	**-**	**4,000,000**
	Total	**22,825,335**	**-**	**18,825,335**	**-**	**4,000,000**

Source: Samburu *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.4 million and have not been remitted by the defunct NHIF. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include constant reminders to the defunct NHIF.

3.37.4 Borrowing by the County

During the period under review, the county did not borrow.

3.37.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.31 billion from the Samburu County Revenue Fund (CRF) account. This amount consisted of Kshs.212.17 million (8 per cent) designated for development programs and Kshs.2.10 billion (39 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.32 billion was allocated to employee compensation and Kshs.776.40 million to operations and maintenance expenditures. Within the operations and maintenance category, 11 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.234.81 million, which included Kshs.188.59 million for the County Executive and Kshs.46.22 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.11.38 million, with Kshs.6.94 million for the County Executive and Kshs.4.40 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Samburu CRF account was Kshs.122.75 million.

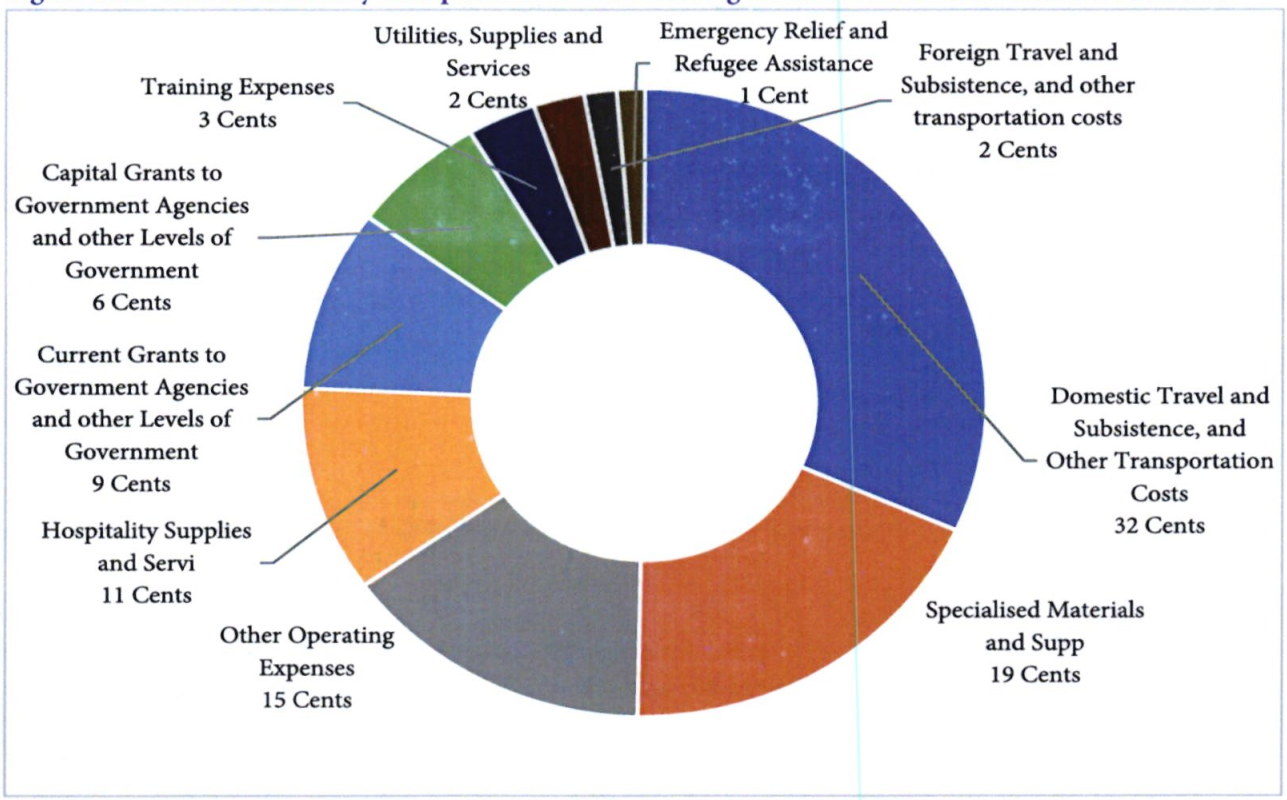
In addition, the Controller of Budget did not approve exchequer withdrawal requests from the Samburu County Assembly Fund (CAF) account during the review period. This account has not been opened as required by the PFMA Amendment of 2025. However, the county assembly continued to receive its allocation from the Samburu County Revenue Fund.

3.37.6 Expenditure Review

The County spent Kshs.2.31 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.212.17 million for development programmes and Kshs.2.10 billion for recurrent programmes. Expenditure on development programmes accounted for 8 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 39 per cent of the annual recurrent expenditure budget.

Figure 220 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 220: Samburu County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Samburu *County Treasury*

As shown in Figure 220, the three highest expenditure categories were Domestic Travel and Subsistence, Other Transportation Costs, Specialised Materials and Supplies, and Other Operating Expenses, Hospitality Supplies, which contributed 11,7 and 8 per cent of total expenditure for the reporting period.

3.37.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.481.19 million. This amount consisted of Kshs.431.83 million from the County Executive and Kshs.49.36 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.Kshs.200.79 million for recurrent expenditure and Kshs.231.05 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.164.91 million, comprising Kshs.148.19 million, wholly expended on recurrent programmes. On the other hand, the County Assembly settled trade payables worth Kshs.16.72 million, which was wholly incurred on recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.283.64 million for County Executive and Kshs.32.64 million for County Assembly. Table 3.546 provides additional details of trade payables.

Table 3.546: Samburu County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	231,045,333	200,786,404	431,831,737
		County Assembly	7,721,925	41,639,817	49,361,742
		Total	238,767,258	242,426,221	481,193,479
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive			-
		County Assembly			-
		Total	-	-	-

		County Entity	Develop-ment (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Amount paid in the First Half of FY 2025/26	c	County Executive	-	148,189,695	148,189,695
		County Assembly		16,719,748	16,719,748
		Total	-	164,909,443	164,909,443
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive			-
		County Assembly			-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	231,045,333	52,596,709	283,642,042
		County Assembly	7,721,925	24,920,069	32,641,994
		Total	238,767,258	77,516,778	316,284,036

***Source**: Samburu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.242.43 million and Kshs.238.77 million on recurrent and development expenditure, respectively, in FY 2025/26. The County adhered to this payment plan, as it has partly cleared Kshs.148.19 million for the Executive and Kshs.16.72 million for the Assembly.

Table 3.547 and Table 3.548 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.316.28 million.

Table 3.547: Samburu County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	164,261,028.64	57,624,079	-	9,160,225	231,045,332.6
Recurrent Trade Payables (Goods & Services)	95,666,310.05	6,759,044	-	2,334,000	104,759,354
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	45,800,821.05	-	8,579,517.86	41,646,711	96,027,050
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	141,467,131.10	6,759,044	8,579,517.86	43,980,711	200,786,404
Executive Trade Payables	305,728,160	64,383,123	8,579,518	53,140,936	431,831,737
% of Executive Trade Payables	70.8	14.9	2.0	12.3	100

***Source**: Samburu County Treasury*

Table 3.548: Samburu County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	7,721,925	-	-	-	7,721,925
Recurrent Trade Payables (Goods & Services)	11,012,523	-	-	-	11,012,523
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	13,907,546	-	-	-	13,907,546
Recurrent Trade Payables	24,920,069	-	-	-	24,920,069
Assembly Trade Payables	32,641,994	-	-	-	32,641,994
% of Assembly Payables	100	-	-	-	100

***Source**: Samburu County Treasury*

The ageing analysis, as presented in Table 3.558 above, depicts non-adherence to the FIFO basis of accounting in the payment of pending bills. This is illustrated by bills that have not been settled for more than 3 years. The county should adhere to the FIFO Basis when settling Trade Payables.

3.37.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.22 billion on compensation of employees, Kshs.679.98 million on operations and maintenance, and Kshs.198.95 million on development activities. Similarly, the County Assembly spent Kshs.100.47 million on compensation of employees, Kshs.96.42 million on operations and maintenance, and Kshs.13.23 million on development activities, as shown in Table 3.549.

Table 3.549: Samburu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Bn) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.Bn) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs. Bn) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.Bn) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	4.83	0.57	1.90	0.20	-	-	1.90	0.20	39	35
Compensation of Employees	2.76	0.32	1.22	0.10	-	-	1.22	0.10	44	31
Operations and Maintenance	2.07	0.25	0.68	0.10	-	-	0.68	0.10	33	39
Development Expenditure	2.65	0.06	0.20	0.01	-	-	0.20	0.01	8	22
Total	7.48	0.63	2.10	0.21	7.48	0.63	2.10	0.21	28	33

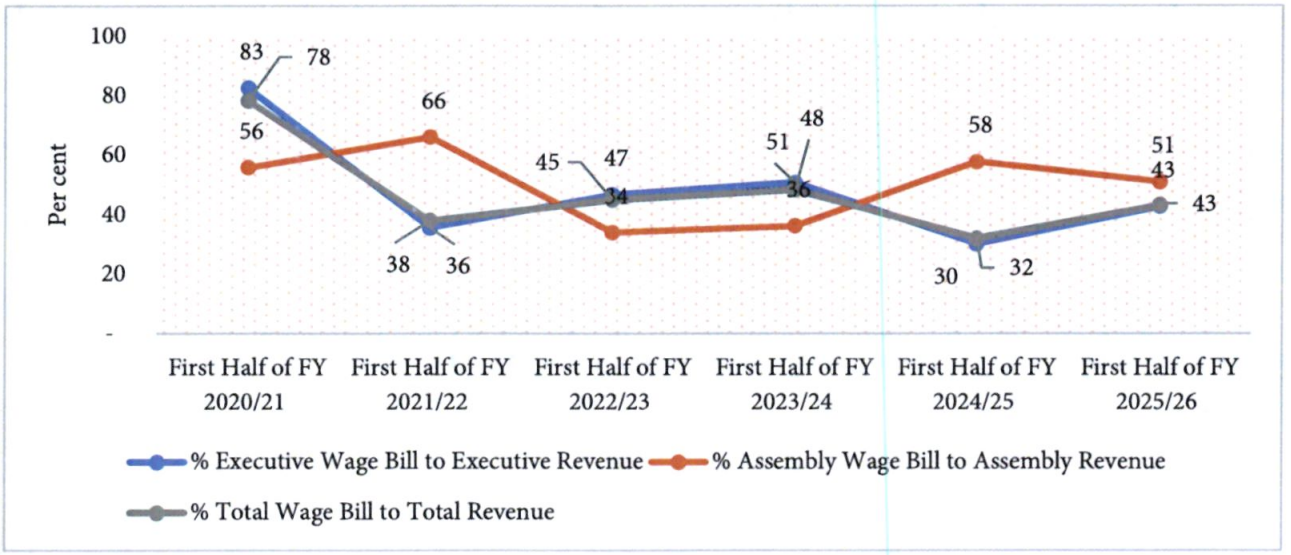
Source: Samburu County Treasury

3.37.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.32 million. The compensation-to-revenue ratio was 43 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.13 million reported in a similar period in FY 2024/25. Of this total, Kshs.378.42 million related to Health Sector employees, accounting for 29 per cent of the overall employees' compensation. The increase in employee compensation is attributed to higher payroll, driven by the overall county wage bill.

Figure 221 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 221: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Samburu County Treasury

Further analysis indicated that PE costs amounting to Kshs.1.31 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.12.49 million was processed through manual payrolls, which accounted for 99 per cent of the total PE cost.

The manual payroll comprised salaries for 68 staff not onboarded into the Human Resource Information System (HRIS) and top-up allowances for security personnel, as shown in Table 3.550.

Table 3.550: Breakdown of Samburu County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	11,703,955
2	Top-up Allowances for security officers	781,200
	Total	12,485,155

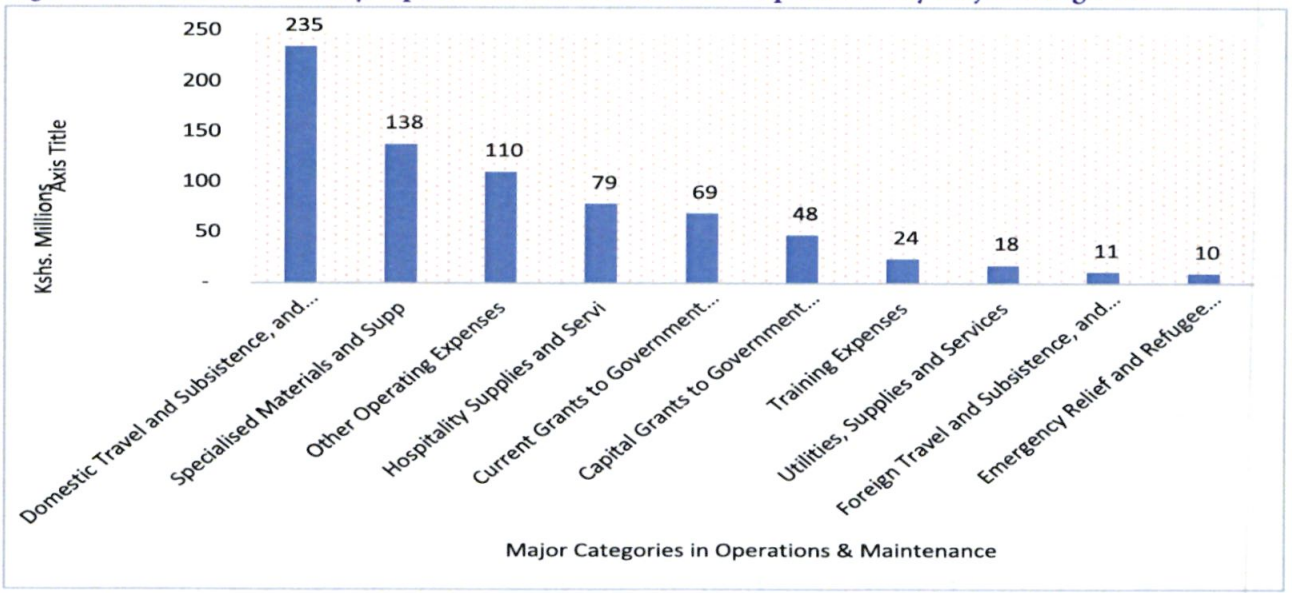
Source: Samburu County Treasury

The County Assembly spent Kshs.15.05 million on committee sitting allowances for the 25 MCAs against the annual budget allocation of Kshs.20.48 million. The average monthly sitting allowance was Kshs.100,349 per MCA. The County Assembly has 15 House Committees.

3.37.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.776.40 million on operations and maintenance, representing an increase of 02 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.774.87 million. Figure 222 summarises the Operations and Maintenance expenditure by major categories.

Figure 222: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: *Samburu County Treasury*

3.37.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.110.45 million on "*other operating expenses*," which is 14.2 per cent of the total operations and maintenance expenditure of Kshs.776.40 million. This category of expenditure includes Kshs.3.2 million for Contracted Professional services and Kshs.32.10 million for legal fees and compensation, Kshs 21.99 million for management fees and Kshs 1.44 million for Membership and subscription fees payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3:551.

Table 3.551: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other Operating Expenses	61,600,061	51,678,982
2211310	Contracted Professional Services	7,653,800	3,248,400
2211309	Management Fees	64,688,050	21,992,190
2211308	Legal Dues/fees, Arbitration and Compensation Payments	45,600,000	32,100,000

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	45,600,000	1,439,700
	Total	**217,488,111**	**109,270,663**

Source: *Samburu County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

- Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: domestic travel, Subscription to professional bodies, e.tc.
- Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, the management fee, etc

3.37.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.264.21 million to County-Established funds in FY 2025/26, or 3.2 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.552 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.552: Performance of Samburu County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Conservancies Fund – Department of Tourism, Trade, Enterprise Development and Cooperatives	2017	134,000,000	67,000,000	67,000,000	67,000,000	Yes
2	Executive Car Loan and Mortgage	2017	3,000,000	-	-	-	No
3	Bursaries and Support Services - Department of Education and Vocational Training	2017	100,000,000	-	-	-	No
4	PLWD Fund	2017	5,000,000	-	-	-	No
5	Emergency Fund – Department of Finance	2017	20,000,000	-	-	-	No
		County Assembly Established Funds					
1	Assembly Car Loan and Mortgage	2017	2,212,000	-	-		No
	Total		264,212,000	67,000,000	67,000,000	67,000,000	

Source: *Samburu County Treasury*

During the reporting period, the CoB received quarterly financial reports from one Fund Administrator, as indicated in Table 3.552, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the Conservancies Fund were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the lifespan of all funds was within the required 10-year period.

3.37.13 County Corporations

During the period under review, the County of Samburu did not have an established county corporation.

3.37.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.234.81 million and comprised Kshs.46.22 million spent by the County Assembly and Kshs.188.59 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.34 million and comprised Kshs.4.40 million by the County Assembly and Kshs.6.94 million by the County Executive. Expenditure on foreign travel is summarised in Table 3:553.

Table 3.553: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
EXECUTIVE	1	22ND SEP TO 27TH SEPT 2025	LEADERSHIP AND CHANGE MANAGEMENT PROGRAMME IN DUBAI	DUBAI-UAE	753,770		753,770
EXECUTIVE	4	4th to 6th November,2025	THE WORLD TRAVEL MARKET (WTM) LONDON 2025	UNITED KINGDOM	3,466,553		3,466,553
EXECUTIVE	4	17th TO 28TH NOVEMBER,2025	THE WOMEN LEADER'S GUIDE TO HIGH IMPACT PUBLIC POLICY AND SUSTAINABLE DEVELOPMENT CONFERENCE TRAINING IN ISTANBUL, TURKEY	TURKEY	4,934,624		4,934,624
EXECUTIVE	2	15TH TO 23RD NOV 2025	UNFCCC CONFERENCE OF THE PARTIES (COP30) 2025 TAKING PLACE IN BELEM, BRAZIL	BRAZIL	1,795,938		1,795,938
EXECUTIVE	3	1ST TO 5TH DECEMBER,2025	ICPAK 31st EXECUTIVE SEMINAR	TURKEY	3,460,365		3,460,365
EXECUTIVE	2	30TH NOV TO 14th DEC 2025	THE WOMAN LEADER'S GUIDE TO HIGH-IMPACT PUBLIC POLICY AND SUSTAINABLE DEVELOPMENT CONFERENCE	TURKEY	3,214,176		3,214,176
County Assembly	4	15/07/2025	CASA GAMES FOR EAST AFRICA	KAMPALA, UGANDA	1,380,371		1,380,371
County Assembly	1	15/10/2015	SOCCAT, SPEAKERS FORUM	SPAIN AND ITALY	1,769,620		1,769,620
County Assembly	1	22/10/2025	ICT STRATEGY SUMMIT	DUBAI	798,055		798,055
County Assembly	1	01/11/2025		BOSTWANA,	450,199		450,199
Total							

Source: Samburu County Treasury and Samburu County Assembly

3.37.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.14.60 million as FIF, which was 74 per cent of the annual target of Kshs.19.64 million. The collected amount was remitted to the CRF and later requested for utilisation. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.20.09 million, as shown in Table 3.554.

Table 3.554: Samburu County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	41871741	20,092,563	47.99
2.	Level 4 Hospital	4	9111920.05	8,861,386.35	97.25
3.	Level 3 Facility	26	5,505,000	5,405,000	98.18
4.	Level 2 Facility	70	9,296,148	9,196,300	98.93
	Total	1	41871741	20,092,563	47.99

Source: *Samburu County Treasury*

During the period under review, the County collected Kshs 14.60 in addition to Kshs 28.95 million received from SHIF. This exceeded the period's expenditures due to increased uptake of the SHA and the onboarding of the majority of health facilities as a revenue source.

3.37.16 Development Expenditure

In the review period, the County reported spending Kshs.212.17 million on development programmes, representing a decrease of 10 per cent compared to FY 2024/25, when the County spent Kshs.234.69 million. Table 3:555 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the government's introduction and slow implementation of the new procurement system.

Table 3.555: Samburu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	TOURISM	CONSERVANCIES FUND	SAMBURU COUNTY	1st July,2025	30th June,2025	91,000,000	91,000,000	67,000,000	67,000,000	74
2	URBAN PLANNING AND DEVELOPMENT	MARALAL MUNICIPALITY KUSP UDG	MARALAL MUNICIPALITY	1st July,2025	30th June,2025	30,000,000	30,000,000	30,000,000	30,000,000	100
3	COUNTY ASSEMBLY	Purchase of Office Furniture and General Equipment	MARALAL	1st July,2025	30th June,2025	17,327700	11,723,375		11,723,375	68
3	COUNTY ASSEMBLY	Other Infrastructure and Civil Works	MARALAL	1st July,2025	30th June,2025	20,000,000	1,500,001		1,500,001	8
Donor Funded Projects										
1	LIVESTOCK	SAMBURU KENYA LIVESTOCK COMMERCIALIZATION	SAMBURU COUNTY	1st July,2025	30th June,2025	70,250,000	70,250,000		41,094,917	58
2	ROADS AND PUBLIC WORKS	SAMBURU COUNTY ROADS MAINTENANCE LEVY	SAMBURU COUNTY	1st July,2025	30th June,2025	60,855,995	60,855,995		27,146,375	100

Source: *Samburu County Treasury*

The County reported 2 stalled development projects as of 31st December 2025, with an estimated value of Kshs.204.54 million, of which Kshs.168.23 has already been paid. The stalled projects are shown in Table 3.556.

Table 3.556: Samburu County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1.		Proposed construction of inpatient Block at Samburu County Teaching and Referral Hospital	Maralal	116,951,010	107,790,785	116,951,010	107,790,785	9,160,225	9,160,225	92
2.		Construction of the Governor's official residence	Maralal	87,586,528	60,440,153	87,586,528	60,440,153	27,146,375	27,146,375	69

Source: Samburu County Treasury

3.37.17 Budget Performance by Department

Table 3.557 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.557: Samburu County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	499.43	2	323.12	-	323.12	-	499.43	2	64.7	-
Finance, Economic Planning & ICT	1,006.57	38.98	306.22	-	306.22	-	1,006.57	38.98	30.4	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	213.02	743.35	80.13	41.09	80.13	41.09	213.02	743.35	37.6	5.5
Water, Environment, Natural Resources & Energy	180.52	583.33	76.74	-	76.74	-	180.52	583.33	42.5	-
Education and Vocational Training	573.23	144.93	182.91	-	182.91	-	573.23	144.93	31.9	-
Medical Services, Public Health & Sanitation	1,551.62	102.60	651.99	-	651.99	-	1,551.62	102.60	42.0	-
Lands, Housing, Physical Planning & Urban Development	211.73	137	43.50	30	43.50	30	211.73	137	20.5	21.9
Roads, Transport & Public Works	97.22	302.52	30.98	60.86	30.98	60.86	97.22	302.52	31.9	20.1
Tourism, Trade, Enterprise Development & Cooperatives	252.45	198.20	83	67	83	67	252.45	198.20	32.9	33.8
Culture, Social Services, Gender, Sports & Youth Affairs	248.37	392.20	121.56	-	121.56	-	248.37	392.20	48.9	-
County Assembly	569.62	60.48	196.91	13.22	196.91	13.22	276.57	60.48	34.6	21.9
	5,403.78	2,705.59	2,097.05	212.17	2,097.05	212.17	5,110.74	2,705.59		

Source: *Samburu County Treasury*

Analysis of expenditure by departments shows that the Department of Tourism, Trade, Enterprise Development & Cooperatives recorded the highest absorption rate of development budget at 33.8 per cent, followed by the Department of Lands, Housing, Physical Planning & Urban Development and the county assembly at 21.9 per cent. The Department of County Executive had the highest recurrent expenditure-to-budget ratio at 64.7 per cent, while the Department of Finance, Economic Planning & ICT had the lowest at 30.4 per cent.

3.37.18 Budget Execution by Programmes and Sub-Programmes

Table 3.558 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.558: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
DEPARTMENT - Tourism, Trade, Enterprise Development & Cooperatives				
Market development and promotion of fair trade services	Tourism Training & Capacity Building	176,315,000	67,000,000	38
DEPARTMENT - Lands, Housing, Physical Planning & Urban Development				
Urban centre management	Urban centre management	135,000,000	30,000,000	22
DEPARTMENT - Roads, Transport & Public Works				
Street lights management	Rehabilitation of Roads, Drainage and Bridges	297,519,245	60,855,995	20
DEPARTMENT - Agriculture, Livestock Development, Veterinary Services & Fisheries				
Promotion of Value Addition of Livestock and Livestock Products	Promotion of Value Addition of Livestock and Livestock Products	301,150,000	41,094,477	14
DEPARTMENT - Agriculture, Livestock Development, Veterinary Services & Fisheries				
Crop Production and Food Security	Agricultural Extension Research and Training	434,500,000	5,000,000	1
RECURRENT				
DEPARTMENT - County Executive				
Administration of Human Resources in County Public Service	Administration of Human Resources in County Public Service	67,679,882	55,037,083.45	81
DEPARTMENT - County Assembly				
Assembly Services	County Assembly Administration	126,818,993.50	30,482,510	79
DEPARTMENT - County Executive				
County Executive Services	Coordination, Supervision and Human Resource Services	55,454,601	42,969,665.80	77
DEPARTMENT - County Assembly				
General Administration Planning and Support Services (Sports)	General Administration Planning and Support Services (Sports)	107,190,208	82,198,969.15	77
DEPARTMENT - County Assembly				
Assembly Services	Representation	95,891,515.50	72,727,599.25	76

***Source**: Samburu County Treasury*

The development sub-programmes with the highest budget implementation rates were: Tourism Training & capacity Building in the Department of Tourism, Trade, Enterprise Development & Cooperatives at 38 per cent, Urban centre management in the Department of Lands, Housing, Physical Planning & Urban Development at 22 per cent, and Rehabilitation of Roads, Drainage and Bridges in the department of Roads, Transport & Public Works at 20 per cent.

For recurrent sub-programmes, the top performers included: Administration of Human Resources in County Public Service in the County Executive at 81 per cent, County Assembly Administration in the County Assembly at 79 per cent, and Coordination, Supervision and Human Resource Services, General Administration Planning and Support Services (Sports), Representation in

the department in the County Executives and county assembly at 77 per cent.

Table 3.559 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.559: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
DEPARTMENT: County Executive				
Administration of Human Resources in County Public Service	Administration of Human Resources in County Public Service	2,000,000	-	-
DEPARTMENT: Agriculture, Livestock Development, Veterinary Services & Fisheries				
Development of capture fisheries resources	Development of capture fisheries resources	3,671,732.35	-	-
DEPARTMENT: Education and Vocational Training				
Promotion of Early Childhood Education	Promotion of Early Childhood Education	129,102,123	-	-
DEPARTMENT: Medical Services, Public Health & Sanitation				
Health Standards and Quality Assurance Services	Health Policy, Planning & Financing	102,600,000	-	-
DEPARTMENT: Culture, Social Services, Gender, Sports & Youth Affairs				
Community Mobilisation and Development	Community Mobilisation and Development	15,000,000	-	-
RECURRENT				
DEPARTMENT: Water, Environment, Natural Resources & Energy				
	Forests Conservation and Management	3,022,799	-	-
DEPARTMENT: Water, Environment, Natural Resources & Energy				
	Water Catchment and Protection Services	1,998,885	-	-
DEPARTMENT: Lands, Housing, Physical Planning & Urban Development				
	Firefighting services	2,770,077	-	-
DEPARTMENT: Culture, Social Services, Gender, Sports & Youth Affairs				
	Development and management of sports facilities	6,070,000	120,400	2
DEPARTMENT: Culture, Social Services, Gender, Sports & Youth Affairs				
	Social Welfare and Gender	14,300,000	250,000	2

Source: *Samburu County Treasury*

During the period under review, the majority of development sub-programmes were not implemented; hence, no expenditure was incurred.

The recurrent sub-programmes, that did not incur expenditure included: Forests Conservation and Management, Water Catchment and Protection Services in the department of Water, Environment, Natural Resources & Energy, Firefighting services in the department in the department of Lands, Housing, Physical Planning & Urban Development at whereas Development and management for sports facilities and Social Welfare and Gender in the department of Culture, Social Services, Gender, Sports & Youth Affairs attained an absorption of 2 per cent.

These lower performances can be attributed to slow uptake of the new government system as well as delays in uploading procurement plans.

3.37.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 125 accounts in commercial banks, including 101 accounts for Health Facilities, 1 account for Vocational Training Centres, 5 accounts for Established Funds, 2 revenue accounts, 10 special-purpose accounts (additional allocations), and 7 payment and ad hoc accounts for special projects.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 126 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.37.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Samburu County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 25th January 2026
ii. Low development performance in the review period as the County incurred Kshs.212.17 million on development activities, achieving an 8 per cent absorption rate.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Assembly Car Loan and Mortgage, Executive Car Loan and Mortgage, Bursaries and Support Services, People Living With Disability Fund, Emergency Fund, and Executive Car Loan and Mortgage Fund were not submitted to the CoB by 15 January 2026.
iv. High level of trade payables, which amounted to Kshs.312.28 million as of 31st December 2025. Furthermore, the County Treasury did not fully adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.12.49 million for 68 staff not onboarded to HRIS were processed through manual payroll, accounting for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. The County reported Kshs.110.46 million under "*other operating expenses,*" accounting for 14 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.38. County Government of Siaya

3.38.1 Overview of FY 2025/26 Budget

The Siaya County Approved Budget for FY 2025/26 is Kshs.12.79 billion. It comprises Kshs.5.82 billion (45 per cent) and Kshs.6.97 billion (55 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.85 billion (17 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.87 billion and a recurrent budget of Kshs.6.07 billion. The increase in the budget was primarily attributed to the rise in equitable share and own source revenue.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.7.75 billion (60 per cent), additional allocations of Kshs.962 million (8 per cent), a cash balance of Kshs.961 million (8 per cent) brought forward from FY 2024/25, and Kshs.3.11 billion (24 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.560.

3.38.2 Revenue Performance

During the first half of FY 2025/26, the County generated Kshs.4.48 billion in revenue. This amount represented a decrease of 20 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.5.62 billion. The total revenue consisted of Kshs.3.21 billion from the equitable share of revenue raised nationally, as well as the own-source revenue (OSR) collection of Kshs.302 million. Additionally, the County had a cash balance of Kshs.961 million as of FY 2024/25. The total OSR collection of Kshs.302 million included Facilities Improvement Financing (FIF) of Kshs.220 million, and Kshs.82 million from other OSR sources. Table 3.560 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.560: Siaya County, Revenue Performance in First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	961,813,235	961,813,235		961,813,235	-
2	County Executive Refunds to CRF				-	-
3	County Assembly Refunds to CRF				-	-
	Sub-Total	**961,813,235**	**961,813,235**	-	**961,813,235**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,754,478,885	3,218,108,737	620,358,311	3,838,467,048	3,916,011,837
	Sub-Total	**7,754,478,885**	**3,218,108,737**	**620,358,311**	**3,838,467,048**	**3,916,011,837**
C	**Transfers from the Equalisation Fund**					
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Arrears to health care workers	22,723,820	-	-	-	22,723,820
2	Community Health promoters (CHP)	63,810,000	-	-	-	63,810,000
3	DANIDA	8,721,000	-	-	-	8,721,000
4	KDSP II-Recurrent	37,500,000	-	-	-	37,500,000
5	KDSP II-Development	352,500,000	-	-	-	352,500,000
6	Aquaculture Business Development Project (ABDP)	12,969,602	-	-	-	12,969,602
7	National Agricultural Value Chain Development Programme (NAVCDP)	231,250,000	-	-	-	231,250,000
8	Kenya Livestock Commercialisation Project (KELCOP)	60,550,000	-	-	-	60,550,000

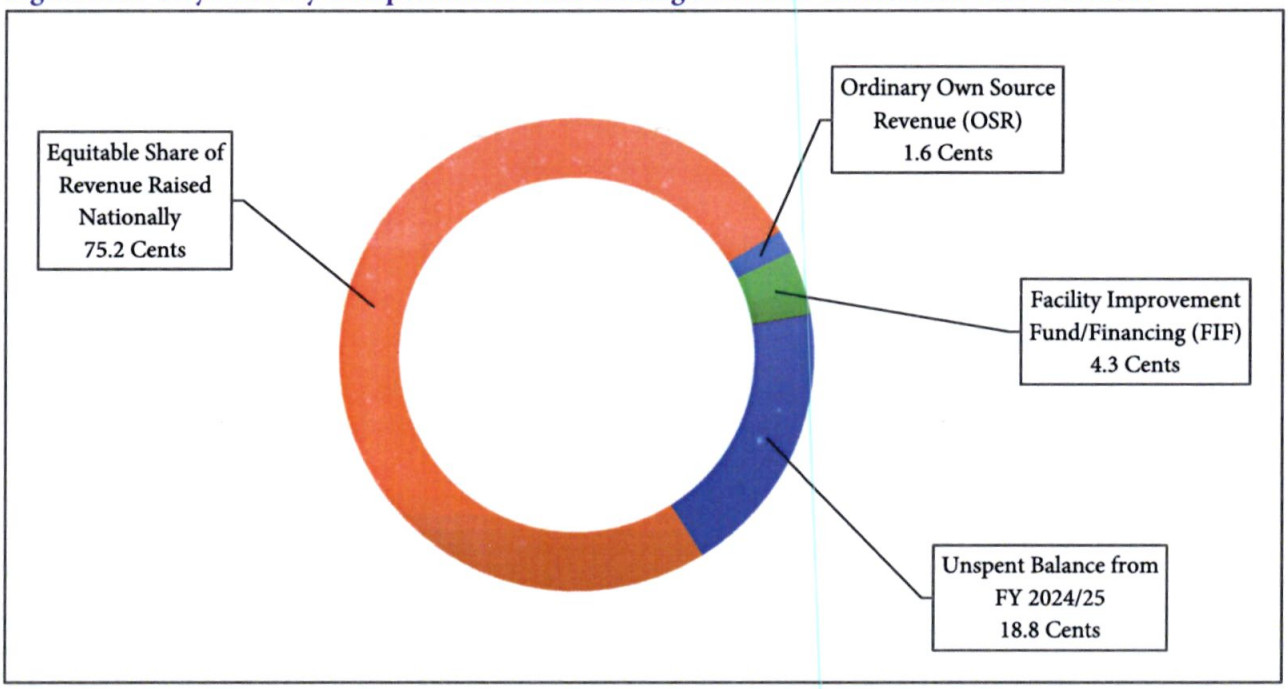
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
9	Financing Locally Led Climate Action (FLLoCA)	11,000,000	-	-	-	11,000,000
10	Royalties	259,152	-	-	-	259,152
11	Roads Maintenance Levy Fund (RMLF)	160,843,161	-	-	-	160,843,161
	Sub-Total	**962,126,735**	-	-	-	**962,126,735**
E	**Ordinary Own Source Revenue (OSR)**					
1	SINGLE BUSINESS PERMITS	498,490,765	17,695,962		17,695,962	480,794,803
2	MARKET FEES	345,678,098	19,621,897.55		19,621,898	326,056,200
3	BODA Bod DA	47,869,098	-		-	47,869,098
4	WEIGHTS & MEASURES	23,908,765	360,780		360,780	23,547,985
5	TRADE INCOME (AUDIT FEE)	12,768,543	-		-	12,768,543
6	ADVERTISEMENT CHARGES	11,550,000	1,504,204.15		1,504,204	10,045,796
7	LIQUOR LICENSING	23,100,000	821,004		821,004	22,278,996
8	BUS PARK	87,654,321	9,506,961		9,506,961	78,147,360
9	PLAN APPROVAL (Engineers)	24,768,098	2,206,339		2,206,339	22,561,759
10	GRADER	10,626,000	-		-	10,626,000
11	FIRE INSPECTION	2,310,000	-		-	2,310,000
12	PARKING	45,786,908	6,281,367		6,281,367	39,505,541
13	COUNTY HALL HIRE	161,700	-		-	161,700
14	FISH CESS	23,657,098	3,555,066		3,555,066	20,102,032
15	SLAUGHTER FEES	12,879,076	185,290		185,290	12,693,786
16	CILOR	23,100,000	-		-	23,100,000
17	SUGAR CESS	41,897,098	1,348,397		1,348,397	40,548,701
18	AGRICULTURE INCOME (Fisherman Licence)	6,214,236	327,850		327,850	5,886,386
19	VETERINARY SERVICES	5,076,497	2,069,300		2,069,300	3,007,197
20	CATTLE AUCTION	5,775,000	1,270,750		1,270,750	4,504,250
21	TRACTOR HIRE SERVICES (T.H.S) Private Tractors	137,087,500	56,000		56,000	137,031,500
22	SALES OF SEEDS	-	-		-	-
23	SALES OF FERTILIZER	-	-		-	-
24	PLAN APPROVAL (Physical Planning)	37,178,098	3,359,270		3,359,270	33,818,828
25	TRANSFER FEE	3,003,000	1,199,774		1,199,774	1,803,226
26	PLOT RATES	95,321,908	1,047,212		1,047,212	94,274,696
27	PLOT RENT	94,321,890	2,100,505		2,100,505	92,221,385
28	GROUND RENT	4,532,897	116,100		116,100	4,416,797
29	HOUSE RENT	5,313,000	37,257		37,257	5,275,743
30	KIOSK/STALL RENT	387,615,432	3,896,462		3,896,462	383,718,970
31	BURIAL FEE & SYNAGE	115,500	-		-	115,500
32	CLEARANCE CERTIFICATE	1,732,500	214,000		214,000	1,518,500

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
33	SITE FEE	1,504,965	-		-	1,504,965
34	SURVEY FEE	1,732,500	305,700		305,700	1,426,800
35	PRIVATE ESTATE FEE	150,150	-		-	150,150
36	NEMA (Noise Permit)	3,650,849	50,600		50,600	3,600,249
37	SAND CESS/QUARRY	7,004,005	10,000		10,000	6,994,005
38	MISC.	-	1,617,764.75		1,617,765	- 1,617,765
39	SCHOOL FEE	389,813	-		-	389,813
40	IMPOUNDING FEE	2,310,000	8,000		8,000	2,302,000
41	PUBLIC HEALTH	-	1,389,106		1,389,106	- 1,389,106
	Sub-Total	**2,036,235,308**	**82,162,918**	-	**82,162,918**	**1,954,072,390**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	1,078,685,515	158,976,949.20		158,976,949	919,708,566
2	Defunct NHIF	-			-	-
3	Hospital Revenue		61,642,780.38		61,642,780	- 61,642,780
	Sub-Total	**1,078,685,515**	**220,619,730**	-	**220,619,730**	**858,065,785**
G	**Appropriations in Aid**					
1					-	-
2					-	-
	Sub-Total	-	-	-	-	-
H	**Other Revenues**					
1					-	-
2					-	-
	Sub-Total	-	-	-	-	-
	Total	**12,793,339,678**	**4,482,704,620**	**620,358,311**	**5,103,062,931**	**7,690,276,747**

Source: *Siaya County Treasury*

The County has a governing legislation on the operation of ordinary A-I-A and FIF. Figure 223 provides a detailed breakdown of receipts, showing a breakdown of each shilling received.

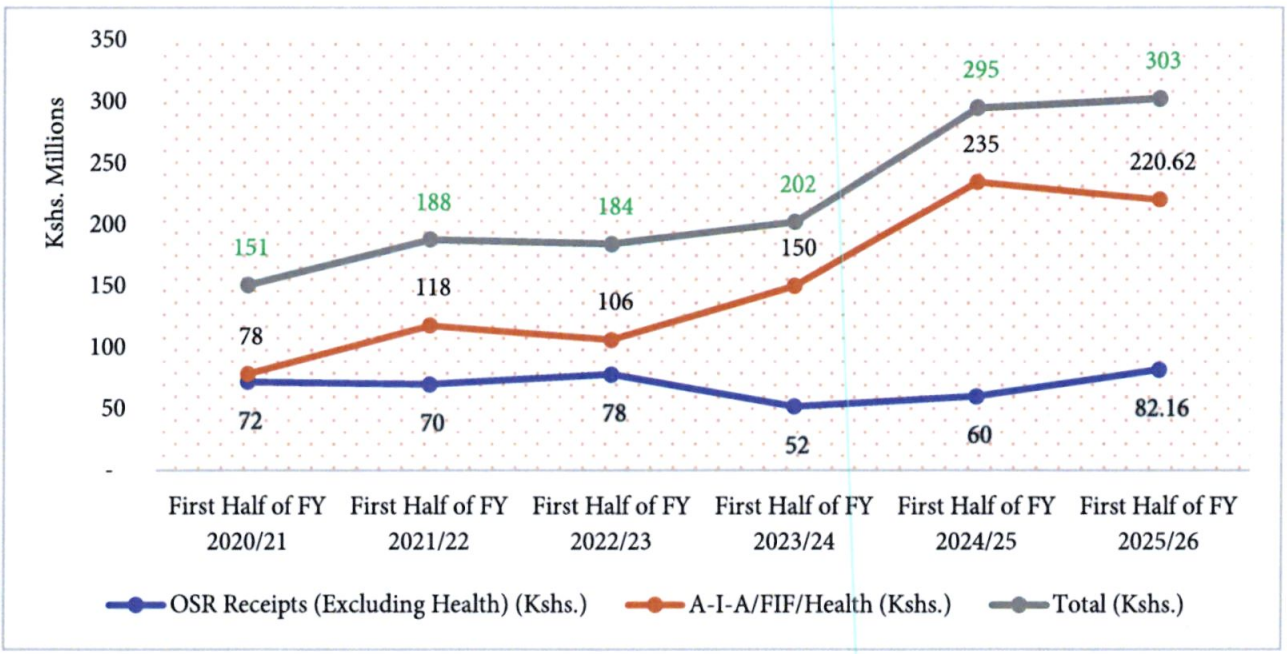
Figure 223: Siaya County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Siaya County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 75 per cent, 1.6 per cent and 4.3 per cent, respectively, of the total receipts for the reporting period. Figure 224 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 224: Siaya County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



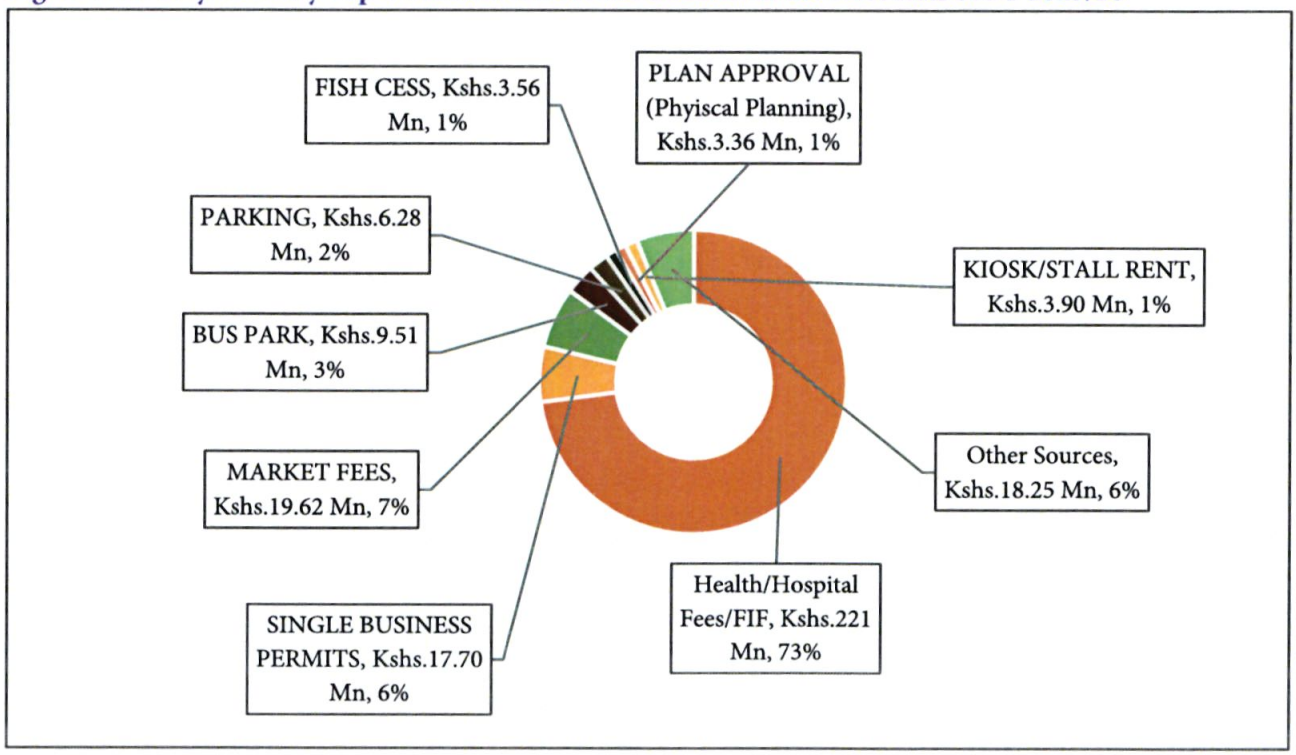
Source: *Siaya County Treasury*

During the first half of FY 2025/26, the County received Kshs.302 million from OSR, including FIF. This amount was an increase of 2 per cent compared to Kshs.295 million realised in a similar period in FY 2024/25, and was 9.7 per cent of the annual target and 9.4 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the migration from manual to automated revenue collection and to enhanced revenue collection administration through inspections.

The revenue streams that contributed the most to OSR receipts are shown in Figure 225

Figure 225: Siaya County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Siaya County Treasury

As shown in Figure 225, the highest revenue stream, at Kshs.221 million, was from Health/FIF/Hospital Fees, accounting for 73 per cent of the total OSR receipts. The County Government indicated that it has automated 12 of 25 revenue streams.

3.38.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.189 million, which increased to Kshs.953 million as of 31st December 2025. Table 3.561 presents a breakdown of the County's revenue arrears.

Table 3.561: Siaya County Revenue Arrears as of 31 December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December				620,358,311	620,358,311
	Sub-Total				**620,358,311**	**620,358,311**
D	**Ordinary Own Sources of Revenue**					
1	**Single Business Permit**	57,952,905		15,290,589		42,662,316
2	**Liquor**	2,444,200		-	788,869	3,233,069
	Sub-Total	**60,397,105**		**15,290,589**	**788,869**	**45,895,385**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	128,863,123			158,613,533.87	287,476,657
	Sub-Total	**128,863,123**			**158,613,534**	**287,476,657**
Total		**189,260,228**	-	**15,290,589**	**779,760,714**	**953,730,353**

Source: Siaya *County Treasury*

As of 31 December 2025, the revenue arrears totalled Kshs.953 million, comprising Kshs.287 million for FIF (30 per cent), Kshs.45 million for OSR (5 per cent), and Kshs.620 million for the equitable share of revenue raised nationally (65 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include inspection and penalties for default.

3.38.4 Borrowing by the County

The County did not borrow during the reporting period, as reported by the county treasury.

3.38.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.7 billion from the Siaya County Revenue Fund (CRF) account. This amount consisted of Kshs.351 million (13 per cent) designated for development programs and Kshs.2.4 billion (87 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.89 billion was allocated to employee compensation and Kshs.536 million to operations and maintenance expenditures. Within the operations and maintenance category, 12 per cent was for domestic travel and 0 per cent for foreign travel. The domestic travel expenses totalled Kshs.67 million, including Kshs.13 million for the County Executive and Kshs.54 million for the County Assembly.

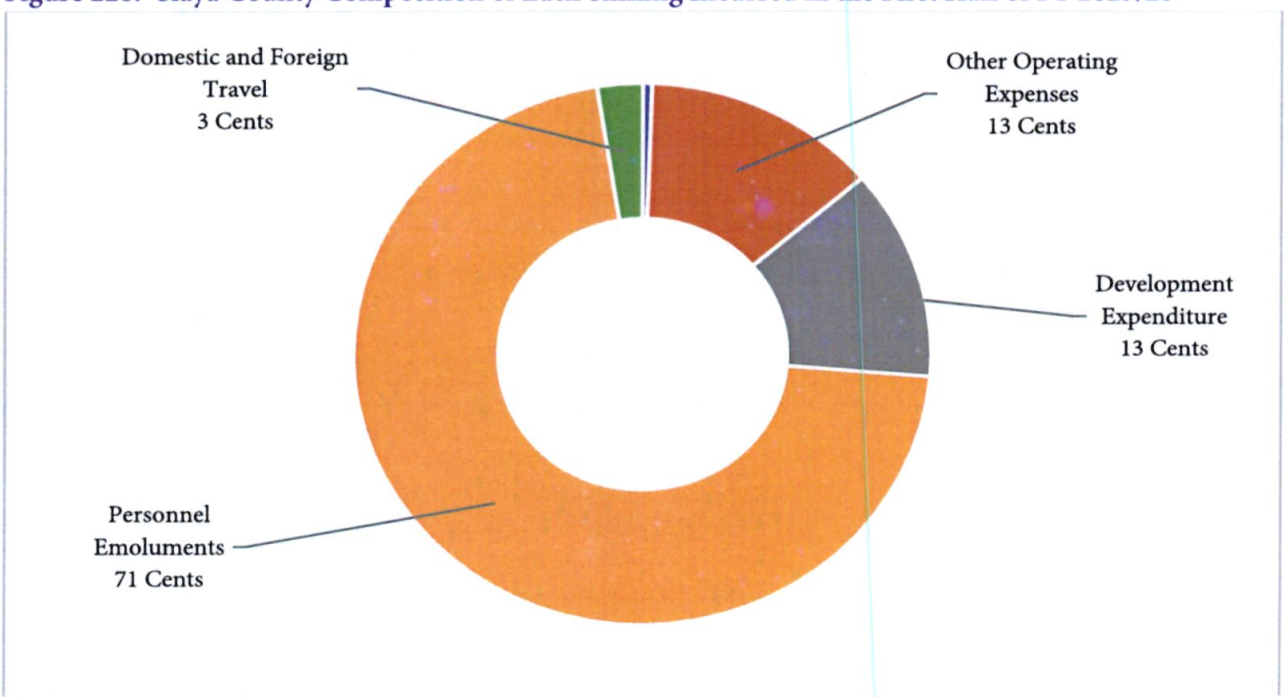
As of December 31, 2025, the County Government's cash balance in the Siaya CRF account was Kshs.651 million.

3.38.6 Expenditure Review

The County spent Kshs.2.5 billion on development and recurrent programmes during the reporting period. The expenditure represented 92 per cent of the total funds released by the CoB. It comprised Kshs.320 million for development programmes and Kshs.2.2 billion for recurrent programmes. Expenditure on development programmes accounted for 6 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 32 per cent of the annual recurrent expenditure budget.

Figure 226 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 226: Siaya County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Siaya *County Treasury*

As shown in Figure 226, the three highest expenditure categories were personnel emoluments, development expenditure, and domestic and foreign travel, which contributed 81, 14, and 3 per cent of total expenditure for the reporting period.

3.38.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.9 billion. This amount included Kshs.1.88 billion from the County Executive and Kshs.72 million from the County Assembly. The trade payables from the County Executive consisted of Kshs.Kshs.1.05 billion for recurrent expenditures and Kshs.832 million for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.310 million, comprising Kshs.252 million (81 per cent) for recurrent programmes and Kshs.58 million (19 per cent) for development programmes. On the other

hand, the County Assembly settled trade payables amounting to Kshs.16 million for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.1.57 billion for the County Executive and Kshs.56 million for the County Assembly. Table 3.562 provides additional details of trade payables.

Table 3.562: Siaya County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	832,926,758	1,057,040407	1,889,967,165
		County Assembly	-	72,851,538	72,851,538
		Total	832,926,758	1,129,891,945	1,962,818,703
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	64,565,440.85	261,804,203.43	326,369,644.28
		County Assembly	-	16,398,564	16,398,564
		Total	64,565,440.85	278,202,767.43	342,468,208.28
Amount paid in the First Half of FY 2025/26	c	County Executive	58,028,509	252,249,443.29	310,277,952
		County Assembly	-	16,398,564	16,398,564
		Total	58,028,509	268,648,007	326,676,516
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**774,898,249**	**804,790,964**	**1,579,689,213**
		County Assembly	**-**	**56,452,974**	**56,452,974**
		Total	**774,898,249**	**861,243,938**	**1,636,142,187**

Source: *Siaya County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.268 million and Kshs.58 million on recurrent and development expenditure, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.310 million to the Executive and Kshs.16 million to the Assembly.

Table 3.563 and Table 3.564 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.63 billion.

Table 3.563: Siaya County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**717,796,806.17**	**29,325,533.88**	**8,467,944.58**	**19,307,964.51**	**774,898,249.14**
Recurrent Trade Payables (Goods & Services)	441,659,332.71	77,662,640.01	24,957,715.16	13,407,276	**557,686,964**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	243,133,833.94	-	-	-	**243,133,834**
Recurrent Trade Payables (Staff Claims)	3,970,166	-	-	-	**3,970,166**
Total Recurrent Trade Payables	688,763,333	77,662,640	24,957,715	13,407,276	**804,790,964**
Total Trade Payables	**1,406,560,139**	**106,988,174**	**33,425,660**	**32,715,241**	**1,579,689,213**
% of Total	**89.04%**	**6.77%**	**2.12%**	**2.07%**	**100%**

Source: *Siaya County Treasury*

Table 3.564: Siaya County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	17,167,247	39,285,727	-	-	**56,452,974**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	17,167,247	39,285,727	-	-	**56,452,974**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Trade Payables	**17,167,247**	**39,285,727**	-	-	**56,452,974**
% of Total	30	70	-	-	100

***Source**: Siaya County Treasury*

3.38.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.65 billion on compensation of employees, Kshs.250 million on operations and maintenance, and Kshs.320 million on development activities. Similarly, the County Assembly spent Kshs.163.38 million on compensation of employees and Kshs.163.68 million on operations and maintenance as shown in Table 3.565

Table 3.565: Siaya County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**6,194,657,987**	**779,893,500**	**1,898,432,430**	**327,063,139**	-	-	**1,898,432,429.61**	**327,063,138.56**	**30.65**	**41.94**
Compensation of Employees	3,253,191,529	348,925,645	1,647,766,074.99	163,379,449	-	-	1,647,766,074.99	163,379,448.60	**50.65**	**46.82**
Operations and Maintenance	2,941,466,458	430,967,855	250,666,354.62	163,683,690	-	-	250,666,354.62	163,683,689.96	**8.52**	**37.98**
Development Expenditure	**5,237,450,643**	**581,337,548**	**320,849,277.28**	-	-	-	320,849,277.28	-	**6.13**	-
Total	**11,432,108,630**	**1,361,231,048**	**2,219,281,707**	**327,063,139**	-	-	**2,219,281,707**	**327,063,139**	**19.41**	**24.03**

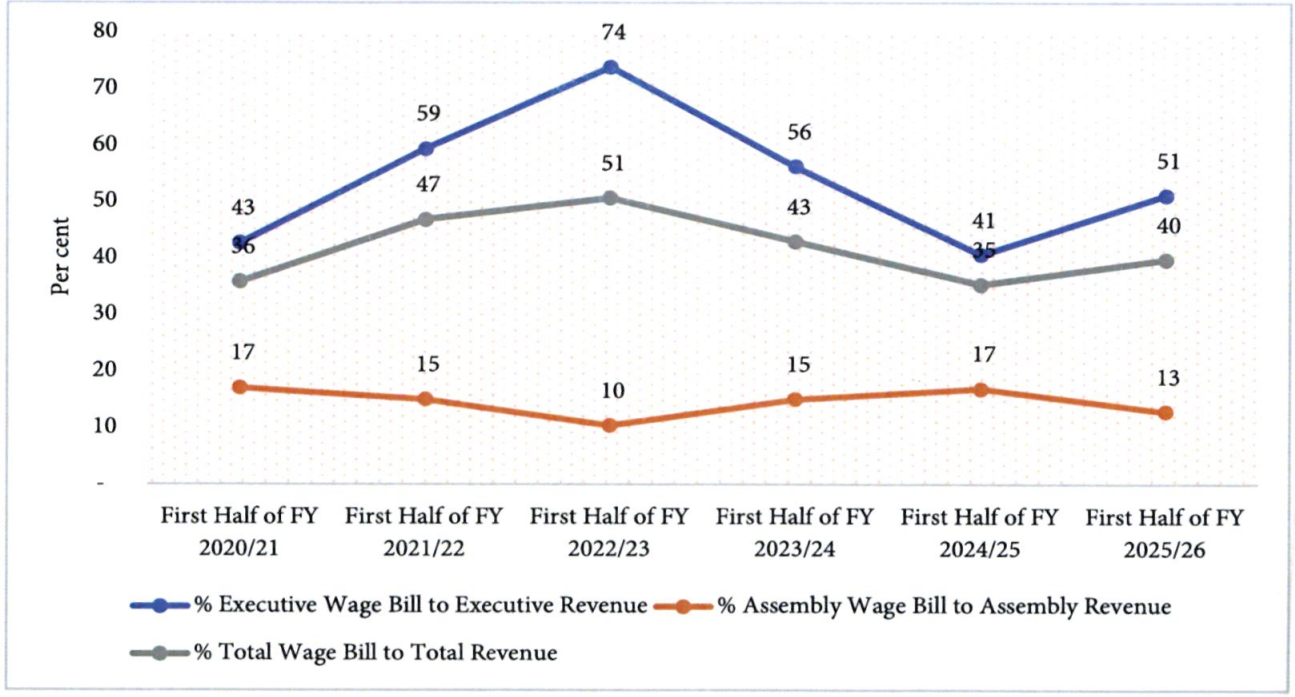
***Source**: Siaya County Treasury*

3.38.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.8 billion. The compensation-to-revenue ratio was 40 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.6 billion reported in a similar period in FY 2024/25.

Figure 227 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 227: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Siaya County Treasury

Further analysis indicated that PE costs totalling Kshs.1.56 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.260 million was processed through manual payroll, which accounted for 14 per cent of the total PE cost.

The manual payroll comprised salaries for 1021 staff not onboarded into the Human Resource Information System (HRIS), salaries for 8990 casual staff, top-up allowances for 11 security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.566.

Table 3.566: Breakdown of Siaya County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	118,146,355
2	Salaries for casual staff	106,496,174
3	Top-up Allowances for Security Officers	2,079,000
4	LAPTRUST/LAPFUND Pension Contributions	9,857,967
5	Gratuity for contract staff	23,885,052
	Total	**260,464,529**

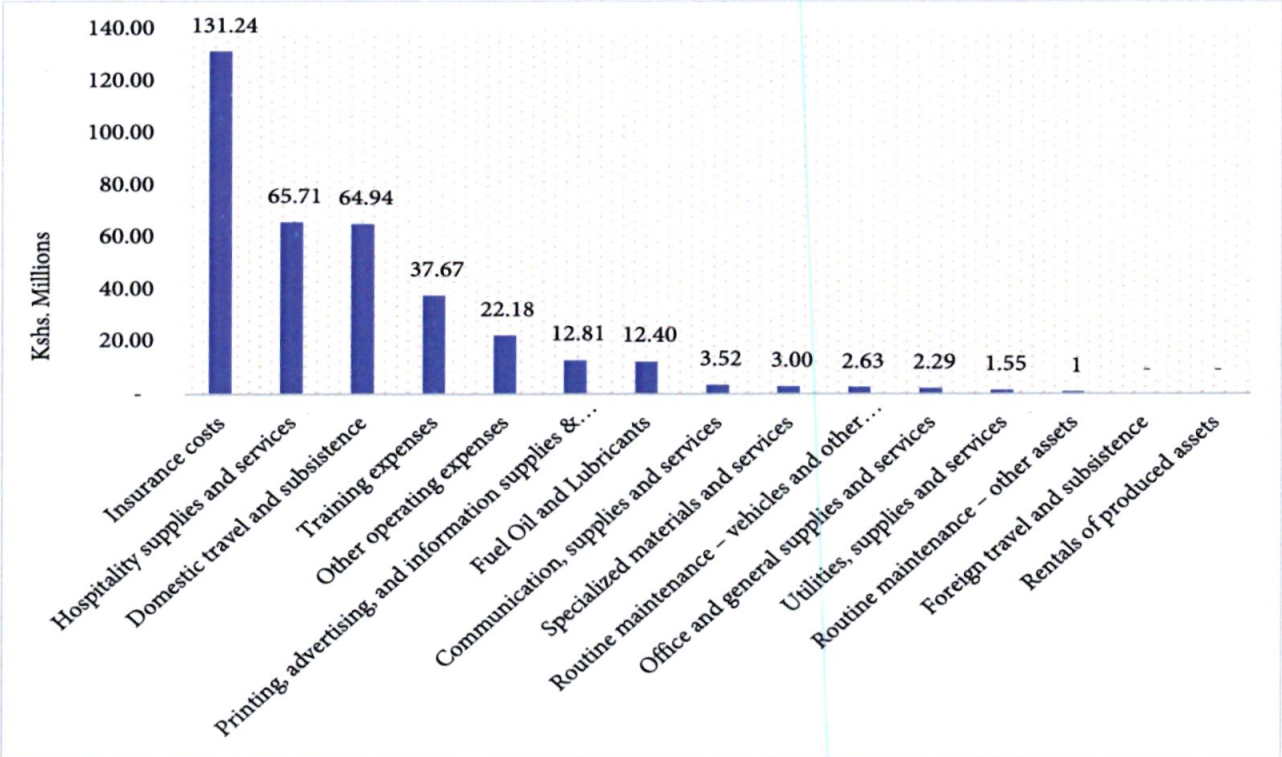
Source: Siaya County Treasury

The County Assembly spent Kshs.12.85 million on committee sitting allowances for the 45 MCAs. The average monthly sitting allowance was Kshs.47,601 per MCA. The County Assembly has 23 House Committees.

3.38.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.414.35 million on operations and maintenance, representing a decrease of 3 per cent compared to FY 2024/25, when the County spent Kshs.423 million. Figure 228 summarises the Operations and Maintenance expenditure by major categories.

Figure 228: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: *Siaya County Treasury*

3.38.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.22 million on "*other operating expenses*," which is 5 per cent of the total operations and maintenance expenditure of Kshs.414 million. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.567.

Table 3.567: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211308	Legal Dues	8,000,000	1,181,440
2210301	Travel Costs (Airline, Bus, Railway, Mileage Allowances, etc.)	250,000	250,000
2211305	Contracted Guards and Cleaning Services	36,200,000	14,109,938
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	1,513,440	731,700
2211308	Legal Dues/fees, Arbitration and Compensation Payments	3,000,000	-
2211310	Contracted Professional Services	6,700,000	-
2211322	Binding of Records	150,000	-
2211325	Constituency Office Expenses	8,845,200	4,422,600
2211399	Other Operating Expenses	3,080,000	1,484,884
Total		**67,738,640**	**22,180,562**

Source: *Siaya County Treasury*

3.38.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.221 million to County-Established funds in FY 2025/26, or 1.7 per cent of the County's overall budget. Further, the County allocated Kshs.180 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.568 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.568: Performance of Siaya County Established Funds in the First Half of FY 2025/26

S/ No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Siaya County Emergency Fund	2020	180,000,000	-	-	437,557,169	NO
2	Siaya County Bursary Fund	2013	-	-	-	732,100,000	YES
3	Financing Locally Led Climate Action (FLLoCA)	2022	11,000,000			272,555,660	NO
4	Cooperative Development Fund	2024	10,000,000	-	-	-	NO
		County Assembly Established Funds					
5	THE SIAYA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND	2015	20,000,000	-	1,004,509	454,711,237	YES
	Total		**221,000,000**		**1,004,509**	**1,896,924,066**	

Source: *Siaya County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from 4 Fund Administrators, as indicated in Table β:570.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly.

3.38.13 County Corporations

The County has no County Corporations in FY 2025/26.

3.38.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.65 million and comprised Kshs.54 million spent by the County Assembly and Kshs.11 million by the County Executive. There was no expenditure on foreign travel.

3.38.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.220 million as FIF, which was 20 per cent of the annual target of Kshs.1.08 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.219 million, as shown in Table 3.569.

Table 3.569: Siaya County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	-	-	-
2.	Level 4 Hospital	16	411,094,921.33	194,040,529.03	47.20
3.	Level 3 Facility	55	78,247,836	13,213,400	16.89
4.	Level 2 Facility	104	50,000,000.18	12,537,880	25.08
	Total	**175**	**539,342,757.50**	**219,791,809.03**	**40.75**

Source: *Siaya County Treasury*

3.38.16 Development Expenditure

In the review period, the County reported spending Kshs.320 million on development programmes, representing a decrease of 27 per cent compared to FY 2024/25, when the County spent Kshs.442 million. Table 3.570 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to a delay in implementing the E-government Procurement System.

Table 3.570: Siaya County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Start Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	CHS	Completion of the casualty and maternity complex at Yala SCH	Executive	Dec-23	Feb-26	78,084,128	30,000,000	30,000,000	30,000,000	86
2	CHS	PURCHASE, COMMISIONING, DELIVERY, AND INSTALLATION OF A GENERATOR AT UKWALA HOSPITAL	Executive	Mei-25	Jun-25		5,000,000	5,000,000	5,000,000	100
3	Finance & Economic Planning	Complete Automation of Revenue	Executive			33,013,561	33,013,561	16,314,695.69	16,314,695.69	49.40
4	LPPH&UD	Preparation of Valuation Roll	Executive			43,000,000	6,178,324	6,095,280	6,095,280	75
5	WECC&NR	Revamping South Sakwa (Olago)	Executive	7.03.2025	7.09.2025	47,023,421	17,150,000	17,146,271.50	17,146,271.50	60
6	AFSL&F	Provision of improved kienyeji chicks to South Gem groups	South Gem			10,412,742.90	10,000,000	8,436,414.61	8,436,414.61	100
7	PWRE&T	Phase of upgrading to Bitumen standard- Sega market ring road	north Ugenya	1st January	30th June	98,097,505	48,380,499	45,355,577.40	45,355,577.40	100
8	PWRE&T	Opening, grading and gravelling of Sianga-Wambarra- Yao Kouma-Kongolo Road.	central sakwa	1st January	30th June	6,448,517.98	6,500,550	6,367,317.98	6,367,317.98	100
9	Tourism	Maintenance of the Nyangera sports ground access road and the Nyangera pitch levelling	Yimbo East	Feb-24	Jun-26	4,969,782.09	7,000,000	4,778,324.67	4,778,324.67	100
10	PWRE&T	Maintenance of Julius Waliera - Sirand Malwa - Uyundi road - 2.5km	West Ugenya	1st January	30th June	4,746,930.79	4,700,000	4,700,000	4,700,000	100
Donor Funded Projects										
1	CHS	construction of out-patient unit, Co-funding of Urenga Hospital-KDSP II	Executive			4,319,813.21	67,000,000	16,119,955.08	16,119,955.08	26

Source: *Siaya County Treasury*

The County reported 3 stalled development projects as of 31 December 2025, with an estimated value of Kshs.46 million, of which Kshs.3 million has already been paid. The stalled projects are shown in Table 3.571

Table 3.571: Siaya County Stalled Projects as of 31 December 2025

No	Sector	Project Name	Project Location	Project Commencement Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Governance, Administration and ICT	Proposed Construction of Rarieda Sub-County Headquarters in Aram	Executive	16th April 2025	Nov 2025	39,900,000	N/A		42,383,851.99	N/A

No	Sector	Project Name	Project Location	Project Commencement Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
2	Governance, Administration and ICT	Purchase of Land for Construction of Rarieda Sub-County Office	Executive	May, 2025	25 May 2025	5,000,000	N/A		5,000,000	-
3	Enterprise	Completion of Nyamonye juakali	Yimbo East	31/12/2023	31/3/2024	1,878,186.20	3,720,000			40

Source: *Siaya County Treasury*

3.38.17 Budget Performance by Department

Table 3.572 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.572: Siaya County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	779,893,500	581,337,548	327,063,139	-	327,063,139	-	100.0	-	41.9	-
Governance and Administration	362,666,409	80,104,987	187,170,860	-	186,929,211.29	-	99.9	-	51.5	-
County Attorney	67,598,950	-	16,181,440	-	10,194,203.08	-	63.0	-	15.1	-
County Public Service Board	99,205,341	-	23,552,000	-	23,537,820.73	-	99.9	-	23.7	-
Finance and Economic Planning	1,406,290,672	69,986,746	416,836,400	16,500,000	311,233,141.64	16,314,695.69	74.7	98.9	22.1	23.3
Agriculture, Food, Livestock & Fisheries	295,896,118	578,061,666	96,753,561	13,893,232	96,288,977.29	13,393,233.18	99.5	96.4	32.5	2.3
Water, Irrigation, Environment & Natural Resources	93,892,016	465,734,178	21,673,658	56,495,203	20,223,255.17	55,945,945.85	93.3	99.0	21.5	12.0
Education, Youth Affairs, Gender & Social Services	386,984,686	620,639,015	153,393,467	59,454,422	152,482,753.69	56,249,801.45	99.4	94.6	39.4	9.1
County Health Services	2,591,453,650	775,361,836	889,734,682	67,495,350	889,636,059.86	66,971,705.67	100.0	99.2	34.3	8.6

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical Planning, Urban Development and Housing	137,140,084	124,145,928	26,107,715	10,594,242	21,252,693.31	6,095,280	81.4	57.5	15.5	4.9
Siaya Municipality	98,992,169	143,006,153	16,193,000	-	15,410,007.71	-	95.2	-	15.6	-
Bondo Municipality	66,257,978	51,200,000	23,500,000	-	13,319,196.33	-	56.7	-	20.1	-
Ugunja Municipality	54,446,350	59,832,766	18,000,000	-	10,577,300.07	-	58.8	-	19.4	-
Roads, Public Works, Energy and Transport	121,345,934	1,706,886,199	64,318,549	99,815,086	25,424,738.59	79,402,668.97	39.5	79.5	21.0	4.7
Enterprise and Industrial Development	265,587,030	395,306,483	111,774,506	13,261,157	94,238,086.39	13,261,157	84.3	100.0	35.5	3.4
Tourism, Culture, Sports and Arts	146,900,600	167,184,686	35,359,050	13,637,466	27,684,984.45	13,214,789.47	78.3	96.9	18.8	7.9
Total	**6,974,551,487**	**5,818,788,191**	**2,427,612,027**	**351,146,158**	**2,225,495,568**	**320,849,277**	**92**	**91**	**32**	**6**

***Source**: Siaya County Treasury*

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 23 per cent, followed by the Department of Water, Irrigation, Environment & Natural Resources at 12 per cent. The Department of Governance and Administration had the highest recurrent expenditure-to-budget ratio at 51 per cent, while the Department of County Attorney had the lowest at 15 per cent.

3.38.18 Budget Execution by Programmes and Sub-Programmes

Table 3.573 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

Table 3.573: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Finance and Economic Planning				
703025010	Administration Planning, Revenue & Accounting	34,993,373	16,314,695.70	46.62
Agriculture, Food, Livestock and Fisheries				
101015010	Administration	42,826,151	19,291,675.65	45.05
Water, Irrigation, Environment and Natural Resources				
901035010	Forestry	65,569,630.50	32,112,107.95	48.97
Lands, Physical Planning, Urban Development and Housing				
102035010	Land Survey & Mapping	62,072,964	30,015,840	48.36
Tourism, Culture, Sports and Arts				
302025010	Tourism	24,251,242	28,481,561.65	117.44

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
RECURRENT				
Governance and Administration				
702055010	Firefighting and disaster management	5,191,691	4,873,940	93.88
Agriculture, Food, Livestock and Fisheries				
101045010	Crop Management	59,246,007.50	51,038,091	86.15
Water, Irrigation, Environment and Natural Resources				
901015010	Administration	26,088,192	21,535,000	82.55
Education, Youth Affairs, Gender and Social Services				
501015010	Administration Services	186,389,358.50	174,297,384	93.51
County Health Services				
401015010	General Administration and Planning Services	1,067,381,998	1,005,939,371	94.24

Source: Siaya County Treasury

The development sub-programmes with the highest budget implementation rates were: Tourism in the Department of Tourism, Culture, Sports and Arts at 117 per cent, Forestry in the Department of Water, Irrigation, Environment and Natural Resources at 48.9 per cent, and Land Survey & Mapping at 48.3 per cent.

For recurrent sub-programmes, the top performers included: General administration and Planning Services in the Department of County Health Services at 94 per cent, Fire fighting and disaster management in the Department of Governance and Administration at 93.8 per cent, and Administration Services in the Department of Education, Youth Affairs, Gender and Social Services at 93.5 per cent.

Table 3.574 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.574: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
County Assembly of Siaya				
701045010	DEVELOPMENT	581,337,548	-	-
Agriculture, Food, Livestock and Fisheries				
101035010	Veterinary Services	8,706,602	-	-
Education, Youth Affairs, Gender and Social Services				
501035010	Youth Polytechnics? Youth Training	18,085,525	-	-
501015010	Administration Services	1,750,000	-	-
Ugunja Municipality				
102065010	General Administration, Planning and Support Services	29,916,383	-	-
RECURRENT				
Office of The County Attorney				
702015010	General Administration, Planning and Support Services	33,799,475	2,519,100	7.45
Education, Youth Affairs, Gender and Social Services				
501035010	Youth Polytechnics? Youth Training	11,143,134.50	719,200	6.45
Bondo Municipality				
102065010	General Administration, Planning and Support Services	34,628,989	1,619,125	4.68

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
Enterprise and Industrial Development				
301055010	Cooperative Extension Services	13,325,266	961,200	7.21
301035010	Promotion of Fair Trade Practices	6,209,050	492,807.60	7.94

Source: *Siaya County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Development in the Department of County Assembly at 0 per cent, Veterinary Services in the Department of Agriculture, Food, Livestock and Fisheries at 0 per cent, and Administration Services at 0 per cent.

For recurrent sub-programmes, the lowest-performing included: Cooperative Extension Services and Promotion of Fair Trade Practices in the Department of Enterprise and Industrial Development at 0 per cent, and General Administration, Planning and support Services in the Department of Bondo Municipality at 0 per cent.

3.38.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 37 accounts at commercial banks, including 24 for Health Facilities, 5 for Established Funds, and 8 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 37 commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.38.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 24th January 2026.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 September 2025, the Bursary Fund's lifespan had lapsed, making it ineligible for further withdrawals.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergence Fund, FLLOCA Fund and CDF Fund were not submitted to the CoB as of 15 January 2026.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.260 million for 1021 staff not onboarded into HRIS and 8990 casual staff were processed through manual payroll, accounting for 14 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should ensure timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should*

be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.

iii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

iv. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*

v. *The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts to enhance accountability and oversight.*

3.39. County Government of Taita Taveta

3.39.1 Overview of FY 2025/26 Budget

The Taita Taveta County Approved Budget for FY 2025/26 is Kshs.7.85 billion. It comprises Kshs.2.63 billion (33 per cent) and Kshs.5.22 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.330.71 million (4 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.41 billion and a recurrent budget of Kshs.5.77 billion. The decrease in the budget was primarily attributed to failure to include balance brought down from the financial year 2024/2025.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.5.29 billion (67 per cent), additional allocations of Kshs.1.61 billion (21 per cent) and Kshs.949.60 million (12 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.575.

3.39.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.3.28 billion. This amount represented an increase of 20 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.74 billion. The total revenue consisted of Kshs.2.85 billion from the equitable share of revenue raised nationally, Kshs.70.56 million additional allocation from development partners as well as own-source revenue (OSR) collection of Kshs.243.64 million. Additionally, the County had a cash balance of Kshs.118.93 million from FY 2024/25. The total OSR collection of Kshs.243.64 million included Facilities Improvement Financing (FIF) of Kshs.107.46 million, and Kshs.136.18 million from other OSR sources. Table 3.575 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.575: Taita Taveta County, Revenue Performance in the First Half of FY 2025/26

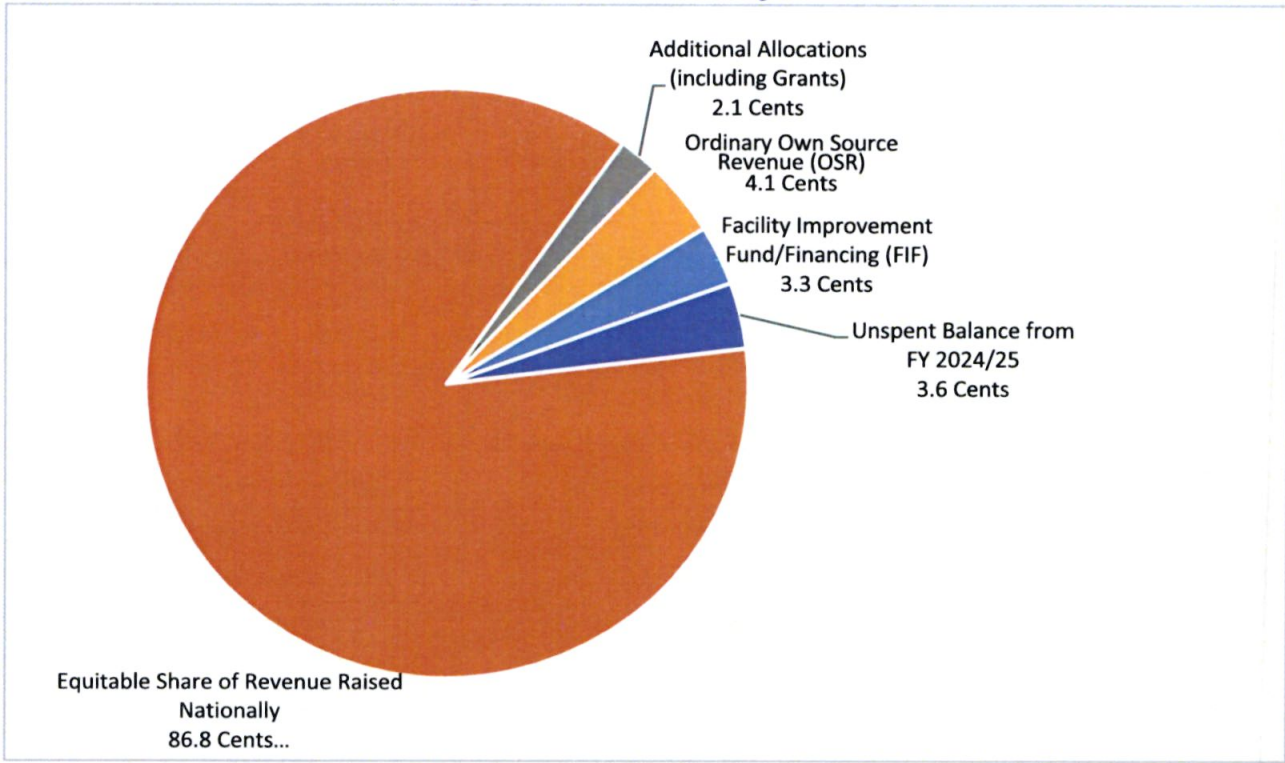
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	118,918,115	-	118,918,115	- 118,918,115
2	County Executive Refunds to CRF	-	1,796	-	1,796	- 1,796
3	County Assembly Refunds to CRF	-	9,008	-	9,008	- 9,008
	Sub-Total	-	**118,928,919**	-	**118,928,919**	**- 118,928,919**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	**5,292,922,444**	2,390,586,619	460,835,975	2,851,422,594	2,441,499,850
	Sub-Total	**5,292,922,444**	**2,390,586,619**	**460,835,975**	**2,851,422,594**	**2,441,499,850**
C	**Transfers from the Equalisation Fund**					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	National Agricultural Value Chain Development Programme (NAVCDP)	151,000,000	-	35,308,045	35,308,045	115,691,955

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
2	Water and Sanitation Development Project (WSDP)	920,000,000	-	-	-	920,000,000
3	Danida Grant - Primary Health	9,547,500	-	-	-	9,547,500
4	Danida Grant - Primary Health Brought Forward	6,532,500	-	-	-	6,532,500
5	Kenya Devolution Support Programme (KDSP)	390,000,000	-	35,253,471	35,308,045 -	390,000,000
6	Kenya Urban Support Programme (World Bank)-(KUSP)	51,000,000	-	-	-	51,000,000
7	Roads Maintenance and Fuel Levy Fund	78,389,752	-	-	-	78,389,752
	Sub-Total	**1,606,469,752**	**-**	**70,561,516**	**70,561,516**	**1,571,161,707**
E	**Ordinary Own Source Revenue (OSR)**					
1	Cess	132,318,581	85,866,284	-	85,866,284	46,452,297
2	Single/Business Permits	94,858,984	6,549,681	-	6,549,681	88,309,303
3	Land Rate	94,282,755	7,947,706	-	7,947,706	86,335,050
4	Market Fees	76,160,067	6,390,097	-	6,390,097	69,769,970
5	Administration Control Fees and Charges	62,986,070	4,164,134	-	4,164,134	58,821,936
6	Property Rent	57,977,909	9,596,758	-	9,596,758	48,381,151
7	Physical Planning and Development	46,239,606	4,048,062	-	4,048,062	42,191,544
8	Parking Fees	38,723,387	8,357,831	-	8,357,831	30,365,556
9	Advertising	24,687,377	885,350	-	885,350	23,802,027
10	Conservancy Administration	19,545,263	1,375,498	-	1,375,498	18,169,765
11	Hire of County Assets	7,694,527	382,250	-	382,250	7,312,277
12	Other Fines, Penalties, and Forfeiture Fees	3,325,475	614,916	-	614,916	2,710,559
13	Others	10,800,000	-	-	-	10,800,000
	Sub-Total	**669,600,000**	**136,178,566**	**-**	**136,178,566**	**533,421,434**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	180,000,000	75,865,136	-	75,865,136	104,134,864
2	Defunct NHIF	100,000,000	31,591,830	-	31,591,830	68,408,170
3	Other	-	-	-	-	-
	Sub-Total	**280,000,000**	**107,456,966**	**-**	**107,456,966**	**172,543,034**
G	**Appropriations in Aid**					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
H	**Other Revenues**					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
	Grand Total	**7,848,992,196**	**2,753,151,071**	**496,144,020**	**3,284,548,562**	**4,599,697,105**

Source: *Taita Taveta County Treasury*

Taita Taveta County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 229 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

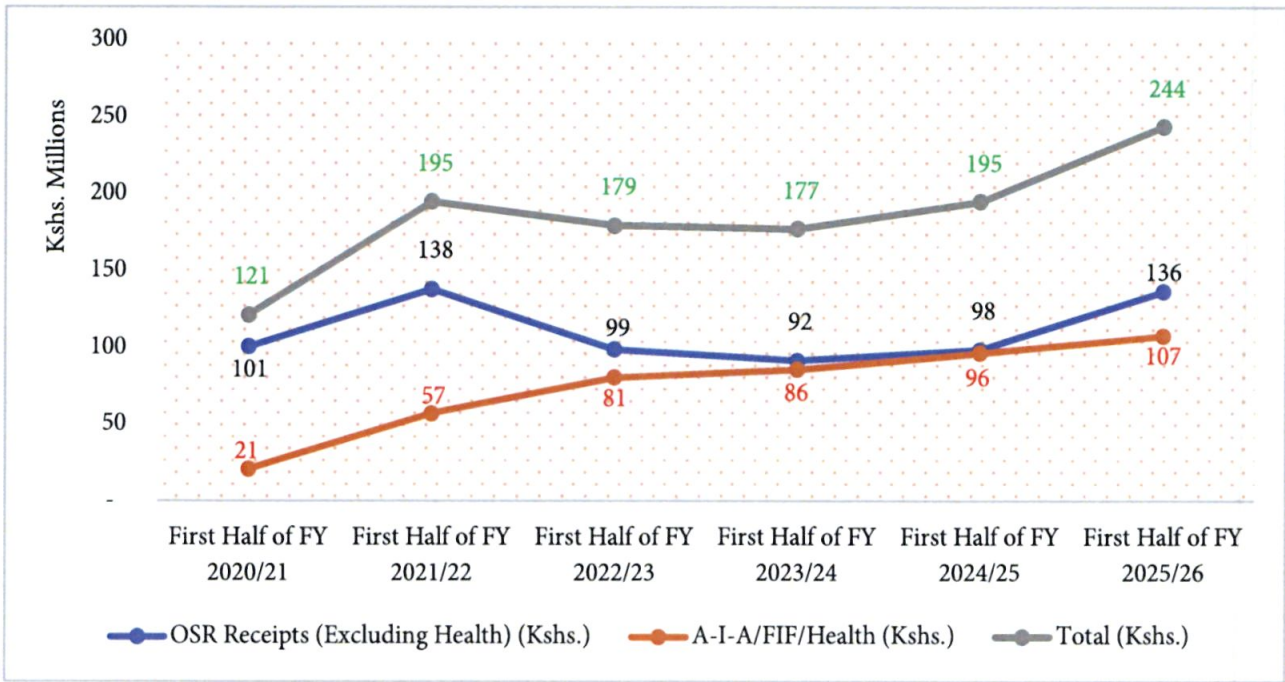
Figure 229: Taita Taveta County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Taita Taveta County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 87 per cent, 4 per cent and 3 per cent, respectively, of the total receipts for the reporting periodFigure 230 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 230: Taita Taveta County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



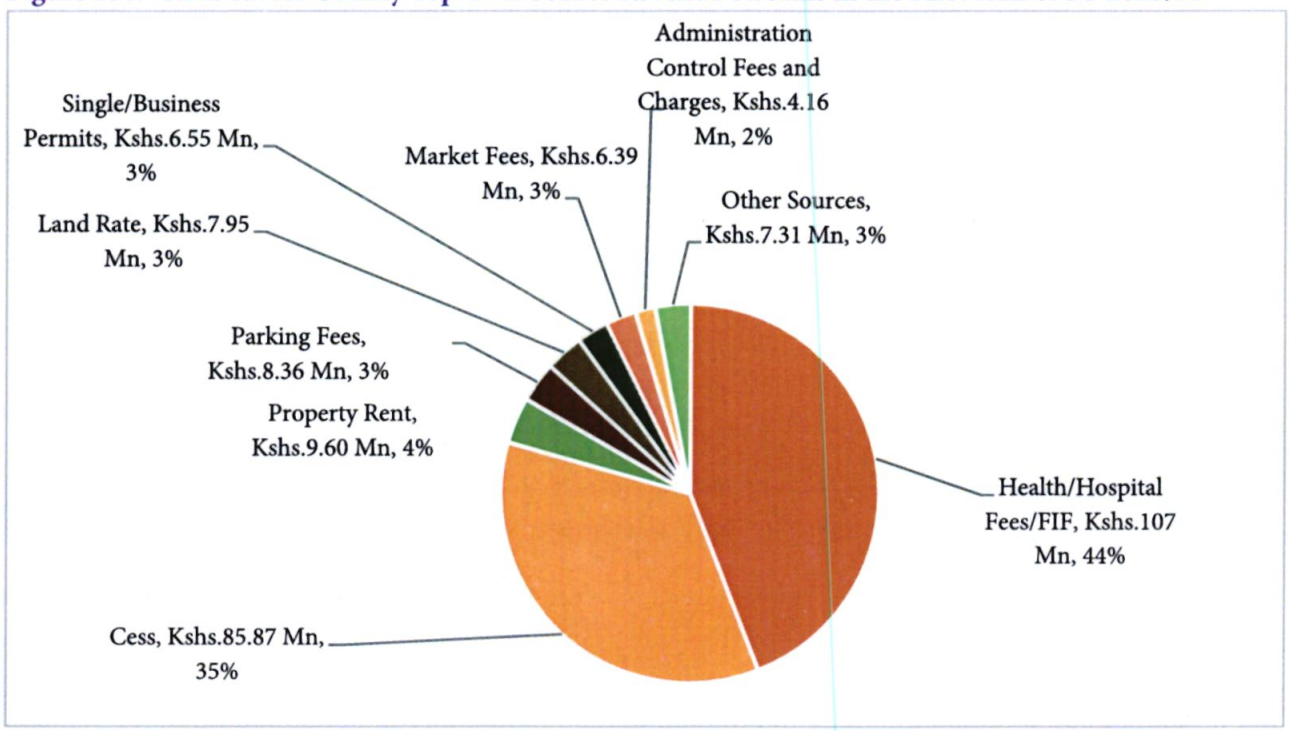
Source: *Taita Taveta County Treasury*

During the first half of FY 2025/26, the County received Kshs.243.64 million from OSR, including FIF. This amount was an

increase of 25 per cent compared to Kshs.194.75 million realised in a similar period in FY 2024/25, and was 26 per cent of the annual target and 10 per cent of the equitable revenue share disbursed. The increase was attributed to implimentaion of of the recommendations made by the commitee on mapping out of revenue collection avenues.

The revenue streams that contributed the highest OSR receipts are shown in Figure 231

Figure 231: Taita Taveta County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Taita Taveta County Treasury

As shown in Figure 231, the highest revenue stream, at Kshs.107.46 million, was from FIF, accounting for 44 per cent of the total OSR receipts. The County Government indicated that it was mapping and digitizing all revenue streams to improve revenue collection in the county.

3.39.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.Table 3.576 presents a breakdown of the County's revenue arrears totaling 531.37 million.

Table 3.576: Taita Taveta County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
	Month of December	-	-	-	**460,835,975**	-
	Sub-Total				**460,835,975**	
B	**Additional Allocations**					
1	National Agricultural Value Chain Development Programme (NAVCDP)	-	-	-	35,308,045	-
2	Kenya Devolution Support Programme (KDSP)	-	-	-	35,253,471	-
	Sub-Total				**70,561,516**	
Total					**531,397,491**	

Source: Taita Taveta *County Treasury*

As of 31st December 2025, revenue arrears totalled Kshs.531.37 million, comprising Kshs.460.84 million from the equitable share of revenue and Kshs.70.56 million from additional allocations from development partners.

3.39.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.57 billion from the Taita Taveta County Revenue Fund (CRF) account. This amount consisted of Kshs.281.65 million (11 per cent) designated for development programs and Kshs.2.28 billion (89 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.74 billion was allocated to employee compensation and Kshs.548.10 million to operations and maintenance expenditures. Within the operations and maintenance category, 13 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequer totalled Kshs.72.29 million, which included Kshs.15.08 million for the County Executive and Kshs.57.22 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.2.22 million, with Kshs.2.01 million for the County Executive and Kshs.211,970 for the County Assembly.

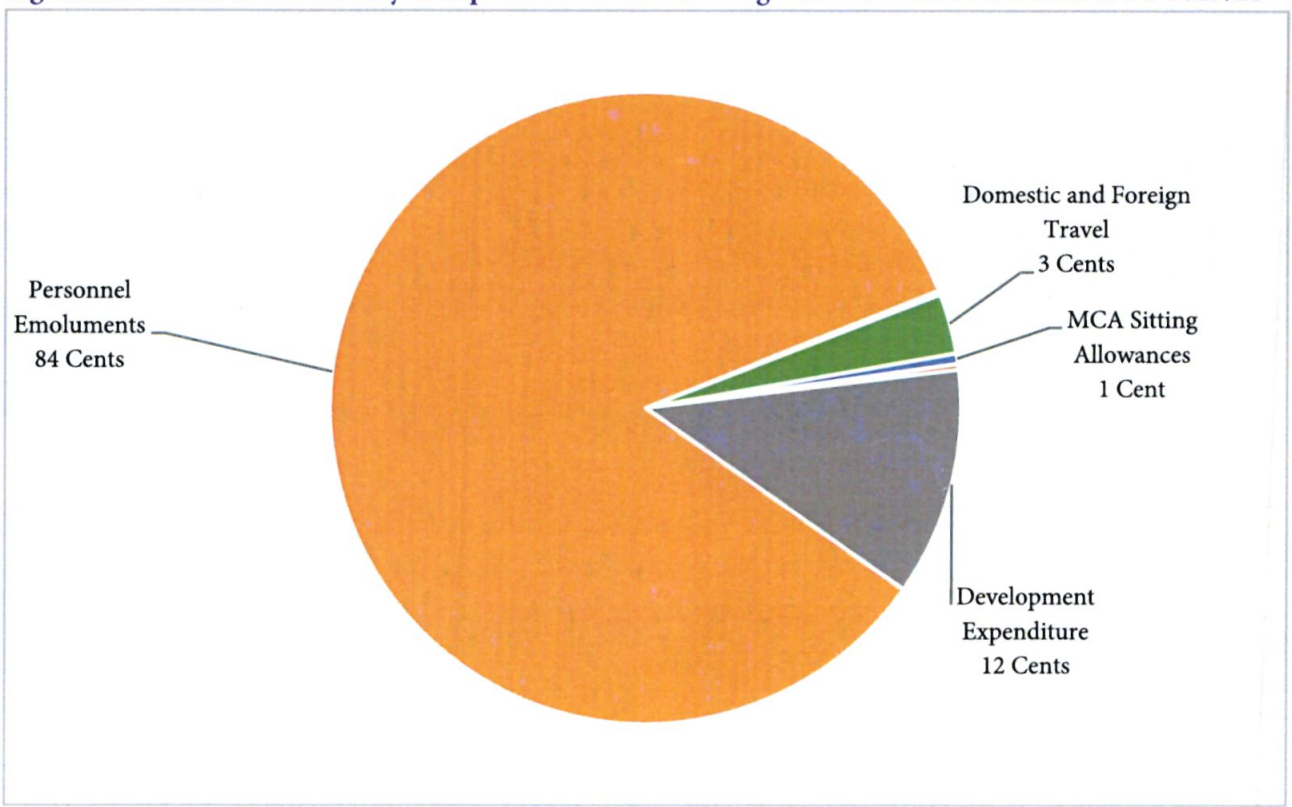
As of December 31, 2025, the County Government's cash balance in the Taita Taveta County CRF account was Kshs.169.21 million.

3.39.5 Expenditure Review

The County spent Kshs.2.87 billion on development and recurrent programmes during the reporting period. The expenditure represented 112 per cent of the total funds released by the CoB. It comprised Kshs.281.65 million for development programmes and Kshs.2.58 billion for recurrent programmes. Expenditure on development programmes represented 11 per cent of the annual development expenditure budget, while recurrent expenditure represented 49 per cent of the annual recurrent expenditure budget.

Figure 232 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 232: Taita Taveta County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Taita Taveta *County Treasury*

As shown in Figure 232, the three highest expenditure categories were Personnel emoluments, development expenditure, and domestic travel & foreign travel, which accounted for 82, 13,, and 4 per cent of total expenditure for the reporting period.

3.39.6 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.34 billion. This amount consisted of Kshs.2.22 billion from the County Executive and Kshs.115.01 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.1.57 billion for recurrent expenditure and Kshs.655.45 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.310.77 million, comprising Kshs.212.19 million (68 per cent) for recurrent programmes and Kshs.98.58 million (32 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.24.08 million, which were all settled for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.1.91 billion for the County Executive and Kshs.90.93 million for the County Assembly. Table 3.577 provides additional details of trade payables.

Table 3.577: Taita Taveta County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	655,448,681	1,569,473,980	2,224,922,660
	County Assembly	-	115,013,072	115,013,072
	Total	655,448,681	1,684,487,052	2,339,935,732
Amount paid in FY 2025/26	County Executive	98,577,164	212,197,473	310,774,638
	County Assembly	-	24,083,033	24,083,033
	Total	98,577,164	236,280,506	334,857,671
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	556,871,516	1,357,276,507	1,914,148,023
	County Assembly	-	90,930,039	90,930,039
	Total	**556,871,516**	**1,448,206,545**	**2,005,078,061**

Source: Taita Taveta *County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.792.83 million on recurrent expenditure in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.310.77 million for the Executive and Kshs.24.08 million for the Assembly.

Table 3.578 and Table 3.379 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.2 billion.

Table 3.578: Taita Taveta County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	52,480,844	246,260,267	238,355,152	63,352,418	600,448,681
Recurrent Trade Payables (Goods & Services)	117,649,222	202,300,921	89,641,827	215,745,231	625,337,201
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	25,114,101	660,313,521	-	685,427,622
Recurrent Trade Payables (Staff Claims)	1,314,350	105,400	1,514,770	-	2,934,520
Recurrent Trade Payables	118,963,572	227,520,422	751,470,117	215,745,231	1,313,699,343
Executive Trade Payables	**171,444,416**	**473,780,689**	**989,825,269**	**279,097,649**	**1,914,148,023**
% of Executive Trade Payables	**9**	**25**	**52**	**15**	**100**

Source: *Taita Taveta County Treasury*

Table 3.579: Taita Taveta County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Goods & Services)	-	-	90,930,038.76	-	90,930,038.76
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	-	90,930,038.76	-	90,930,038.76
Assembly Trade Payables			**90,930,038.76**	-	**90,930,038.76**
% of Assembly Payables	-	-	**100**	-	**100**

***Source**: Taita Taveta County Treasury*

3.39.7 Expenditure by Economic Classification

The County Executive incurred Kshs.1.88 billion on compensation of employees, Kshs.401.74 million on operations and maintenance, and Kshs.252.94 million on development activities. Similarly, the County Assembly spent Kshs.155.03 million on compensation of employees, Kshs.146.36 million on operations and maintenance, and Kshs.28.71 million on development activities, as shown in Table 3.580

Table 3.580: Taita Taveta County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
County Executive					
Recurrent	**4,509,189,572**	**2,010,769,719**	**270,248,016**	**2,281,017,735**	**51**
Compensation to Employees	3,148,415,443	1,609,026,973	270,248,016	1,879,274,989	60
Operations & Maintenance	1,360,774,129	401,742,747		401,742,747	30
Development	**2,543,004,904**	**252,939,769**			-
Executive Sub-total	**7,052,194,476**	**2,263,709,488**	**270,248,016**	**2,281,017,735**	**32**
County Assembly					
Recurrent	**711,797,720**	**274,027,019**	**27,361,949**	**301,388,968**	**42**
Compensation to Employees	294,077,260	127,665,974	27,361,949	155,027,923	53
Operations & Maintenance	417,720,460	146,361,045		146,361,045	35
Development	**85,000,000**	**28,711,799**			-
Assembly Sub-total	**796,797,720**	**302,738,818**	**27,361,949**	**301,388,968**	**38**
Combined County Totals					
Total Recurrent	**5,220,987,292**	**2,284,796,738**	**297,609,965**	**2,582,406,703**	**49**
Compensation to Employees	3,442,492,703	1,736,692,947	297,609,965	2,034,302,912	59
Operations & Maintenance	1,778,494,589	548,103,791	-	548,103,791	31
Total Development	**2,628,004,904**	**281,651,568**	-	-	-
Grand Total	**7,848,992,196**	**2,566,448,306**	**297,609,965**	**2,582,406,703**	**33**

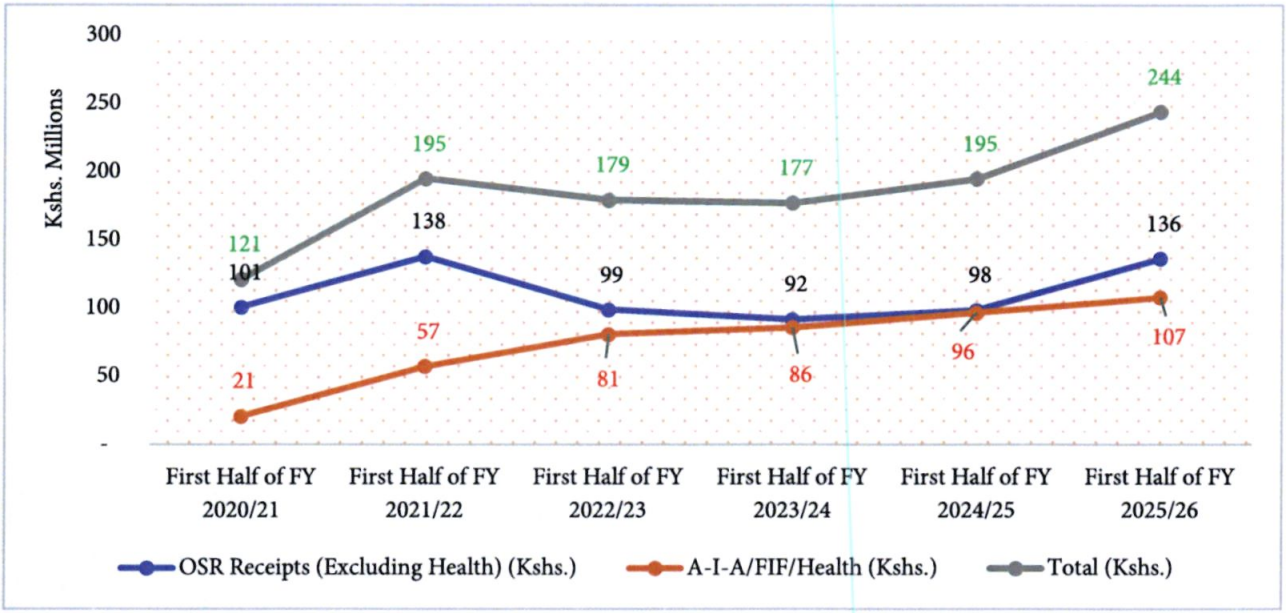
***Source**: Taita Taveta County Treasury*

3.39.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.03 billion. The percentage of compensation of employees to revenue was 62 per cent. This expenditure on employee compensation shows an increase of 23 percent compared to the Kshs.1.65 billion reported in a similar period in FY 2024/25. Of this total, Kshs.903.11 million relates to Health Sector employees, accounting for 44 per cent of the overall employees' compensation. The increase in total employee compensation compared to a similar period in FY 2024/25 was attributed to accrued expenditure that was not factored into the last comparable reporting period.

Figure 233 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 233: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Taita Taveta County Treasury

Further analysis indicated that PE costs totaling Kshs.1.96 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.72.80 million was processed through manual payrolls, which accounted for 4 per cent of the total PE cost. The justification for the continued use of manual payroll was that staff in ward offices and community health workers are hired on a contract basis, thus they could not be onboarded on HRIS.

The manual payroll comprised: salaries of Kshs.8.02 million for staff not onboarded into the Human Resource Information System (HRIS), salaries for casual staff of Kshs.29.13 million, and top-up allowances for security personnel of Kshs.2.91million, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions of Ksh.32.75 million, as shown in 3.581

Table 3.581: Breakdown of Taita Taveta County Manual Payroll

Sno.	Description of Manual Payroll	County Executive	County Assembly	Amount
1.	Salaries for staff paid outside the Human Resource Information System (HRIS)	743,406	7,274,674	8,018,080
2.	Top-up Allowances for security officers	2,905,400		2,905,400
3.	Gratuity for contract staff	32,535,287	212,668	32,747,955
4.	Community Health Workers	29,131,974		29,131,974
	Total	**65,316,067**	**7,487,342**	**72,803,409**

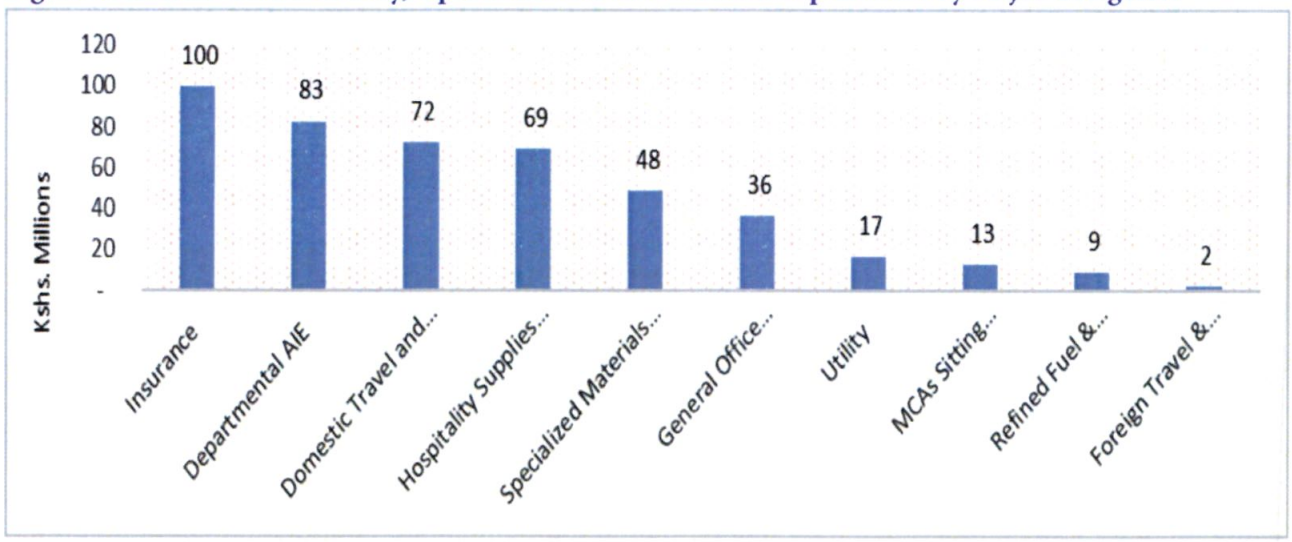
Source: Taita Taveta County Treasury

The County Assembly spent Kshs.12.66 million on committee sitting allowances for the 32 MCAs against the annual budget allocation of Kshs.27.88 million. The average monthly sitting allowance was Kshs.65,933 per MCA. The County Assembly has 23 House Committees.

3.39.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.598.10 million on operations and maintenance, representing an increase of 34 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.408.63 million. The increase in operations and maintenance was attributed to accrual expenditure, which was not factored in for the comparable period of financial reporting. Figure 234 summarises operations and Maintenance expenditure by major categories.

Figure 234: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: *Taita Taveta County Treasury*

3.39.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.7.09 million on "*other operating expenses*," which is 1 per cent of the total operations and maintenance expenditure of Kshs.548.10 million. This category of expenditure includes Kshs.6.33 million for legal fees and Kshs.0.76 million for contracted professional services. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.582

Table 3.582: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211308	Legal Dues/fees, Arbitration and Compensation Payments	20,000,000	6,333,925
2211310	Contracted Professional Services	4,690,000	757,248
Total		**24,690,000**	**7,091,173**

Source: *Taita Taveta County Treasury*

3.39.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.42.05 million to County-Established funds in FY 2025/26, or less than 1 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.Table 3.583 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.583: Performance of Taita Taveta County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Quarter of FY 2025/26 (Kshs.)	Actual Expenditure in the First Quarter of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds				
1.	County Emergency Fund	10,000,000	-	-	-	Yes
2.	County Executive Mortgage and car Loan	5,000,000	-	-	-	Yes
3.	Taita Taveta County Education Fund Account	2,050,000	-	-	-	Yes
		County Assembly Established Funds				
1.	County Assembly Staff Car Loan & Mortgage	25,000,000	5,000,000	5,000,000	5,000,000	Yes
	Total	**42,050,000**	**5,000,000**	**5,000,000**	**5,000,000**	-

Source: Taita Taveta *County Treasury*

3.39.12 County Corporations

The County has one County Corporation which was allocated Kshs.5.4 million in FY 2025/26.

Table 3.584: Performance of Taita Taveta County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	County Investments and Development Corporation	5,350,000	-	-	-
	Total	5,350,000	-	-	-

Source: Taita Taveta County Treasury

3.39.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.72.29 million and comprised Kshs.57.21 million spent by the County Assembly and Kshs.15.08 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.22 million and comprised Kshs.2.01 million by the County Assembly and Kshs.211,970 by the County Executive. Expenditure on foreign travel is summarised in Table 3.585.

Table 3.585: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel(a) (Kshs.)	Accrued Expenditure on Travel (b) (Ksh.)	Total Expenditure on Travel (Kshs.)
County Executive	1	August 2025	Facilitation to attend Vaccinology Course in Kigali, Rwanda	Kigali	211,970		211,970
County Assembly		August 2025	CHEA-AR Conference	Ghana	1,617,700		1,617,700
County Assembly	1	August 2025	Training on Good Practices	India	393,160		393,160
Total					**2,222,830**		**2,222,830**

Source: Taita Taveta County Treasury and Taita Taveta County Assembly

3.39.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.75.87 million as FIF, which was 42 per cent of the annual target of Kshs.180 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.31.59 million, as shown in Table 3.586

Table 3.586: Taita Taveta County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital				
2.	Level 4 Hospital	4	180,000,000	31,591,830	17
3.	Level 3 Facility				
	Total		180,000,000	31,591,830	17

Source: Taita Taveta County Treasury

3.39.15 Development Expenditure

In the review period, the County reported spending Kshs.281.65 million on development programmes, representing an increase of 84 per cent compared to FY 2024/25, when the County spent Kshs.152.95 million. Table 3.587 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the payment of pending bills, which contributed significantly to the reported spending.

Table 3.587: Taita Taveta County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Finance	Pending Bills	County wide			210,000,000	165,029,460		165,029,460	79
2	Transport & Public Works	Roads maintenance Fuel Levy (RMLF)	County wide			78,389,752	78,389,752			
1	County Assembly	Construction of the County Assembly Chamber	County Headquarters			85,000,000	28,711,799		28,711,799	34
Donor Funded Projects										
1	Water	Locally Led Climate Action Programme (Climate Change) WB	County wide			9,520,557	9,520,557		9,520,557	100

Source: *Taita Taveta County Treasury*

3.39.16 Budget Performance by Department

Table 3.588 summarises the approved budget allocation, expenditure,, and absorption rate by department for the period under review.

Table 3.588: Taita Taveta County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	711.80	85	274.03	28.71	301.39	28.71	110	100	42	34
Public Service and Administration	320.79	410	129.34	3.50	145.30	3.50	112	100	45	1
Office of The Governor	237.69	-	116.45	-	116.45	-	100	-	49	-
Finance and Planning	392.91	210	269.92	149.80	269.92	149.80	100	100	69	71
Agriculture, Livestock, and Fisheries	216.16	185.52	102.23	-	102.23	-	100	-	47	-
Water and Irrigation	113.39	1,020.92	51.64	-	51.64	-	100	-	46	-
Education and Libraries	524.94	122.10	288.71	10.73	288.71	10.73	100	100	55	9
Health	2,421.47	120.03	945.46	-	1,199.75	-	127	-	50	-
Trade, Tourism, and Cooperative Development	48.02	16.50	21.33	-	21.33	-	100	-	44	-
County Public Service Board	50.38	-	25.46	-	25.46	-	100	-	51	-
Infrastructure and Public Works	57.38	224.69	25.32	79.39	25.32	79.39	100	100	44	35

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Land, Environment, and Natural Resources	42.23	16	9.42	9.52	9.42	9.52	100	100	22	60
Youth, Gender, Sports, Culture, and Social Services	47.61	139.24	19.35	-	19.35	-	100	-	41	-
Mwatate Municipality	9.80	56	3.03	-	3.03	-	100	-	31	-
Voi Municipality	14.16	12	1.95	-	1.95	-	100	-	14	-
Taveta Municipality	12.26	10	1.16	-	1.16	-	100	-	9	-
Total	**5,220.99**	**2,628**	**2,284.80**	**281.65**	**2,582.41**	**281.65**	**113**	**100**	**49**	**11**

Source: *Taita Taveta County Treasury*

Analysis of expenditure by departments shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 71 per cent, followed by the Department of Lands, Environment & Natural Resources at 60 per cent. The Department of Finance & Economic Planning had the highest recurrent expenditure-to-budget ratio at 69 per cent, while the Department of Public Service Administration had the lowest at 1 per cent.

3.39.17 Budget Execution by Programmes and Sub-Programmes

Table 3.589 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.589: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Trade, Tourism & Cooperative Development	Trade Development	762,811	342,853	45
Trade, Tourism & Cooperative Development	Industrialization	227,941	72,260	32
Trade, Tourism & Cooperative Development	Tourism Development	392,173	95,210	24
Health & Medical Services	Preventive & Promotive services	921,490	222,125	24
Agriculture, Livestock & Fisheries	Veterinary Services	100,460,74	204,370	20
RECURRENT				
Water & Irrigation	General Administration, Support, and Support Services	50,269,423	49,693,583	99
Agriculture, Livestock & FisherieS	General Administration and Support Services	50,269,423	49,693,583	99
Finance	Public Finance Management	394,820,000	318,550,737	81
Voi Municipality	Devolution Support Programme	182,754,878	89,028,554	49
Education & Libraries	General Administration, Support and Support Services	331,610,000	143,080,584	43

Source: *Taita Taveta County Treasury*

The development sub-programmes with the highest budget implementation rates were: Trade Development in the Department of Trade, Tourism & Cooperative Development at 45 per cent, Industrialization in the Department of Trade, Tourism & Cooperative Development at 32 per cent, and Tourism development in the department of Trade, Tourism & Cooperative Development at 24 per cent.

For recurrent sub-programmes, the top performers included: General Administration & Support Services in the Department of Water & Irrigation at 99 per cent, General Administration & Support Services in the Department of Agriculture, Livestock & Fisheries Development at 99 per cent, and Public Finance management in the Department of Finance at 81 per cent.

The higher performance of these programmes can be attributed to the timely procurement of their development plans.

3.39.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 37 accounts with commercial banks, including seven for Health Facilities, two for Vocational Training Centres, four for Established Funds, five revenue accounts, eight special-purpose accounts (additional allocations), four imprest accounts, six recurrent operational accounts, one development operational account, and one development operational account.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening all commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.39.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Taita Taveta County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.243.64 million against an annual target of Kshs.949.60 million, representing 26 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.281.65 million on development activities, achieving a 11 per cent absorption rate.
iii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments.
iv. High level of trade payables, which amounted to Kshs.2 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.72.80 million for staff not onboarded into HRIS and casual staff were processed through manual payroll, accounting for 4 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. The County reported Kshs.7.09 million under "*other operating expenses,*" accounting for 1per cent of total operation and maintenance costs. The review revealed that this category was not used properly to record items with specific budget codes, weakening accountability in public fund management.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.40. County Government of Tana River

3.40.1 Overview of FY 2025/26 Budget

The Tana River County Approved Budget for FY 2025/26 is Kshs.9.96 billion. It comprises Kshs.4.32 billion (43 per cent) and Kshs.5.64 billion (57 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.655.36 million (7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.64 billion and a recurrent budget of Kshs.5.67 billion. The increase in the budget was primarily attributed to the rise in the equitable share.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.7.22 billion (72 per cent), additional allocations of Kshs.1.66 billion (17 per cent), a cash balance of Kshs.878.06 million (9 per cent) brought forward from FY 2024/25, and Kshs.200.42 million (2 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.590.

3.40.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.92 billion. This amount represented an increase of 5 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.3.73 billion. The total revenue consisted of Kshs.2.99 billion from the equitable share of revenue raised nationally, own-source revenue (OSR) collection of Kshs.48.46 million. Additionally, the County had a cash balance of Kshs.878.06 million as of FY 2024/25. The total OSR collection of Kshs.48.46 million included Facilities Improvement Financing (FIF) of Kshs.1.32 million and Kshs.47.14 million from other OSR sources. Table 3.590 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.590: Tana River County, Revenue Performance in the First Half of FY 2025/26

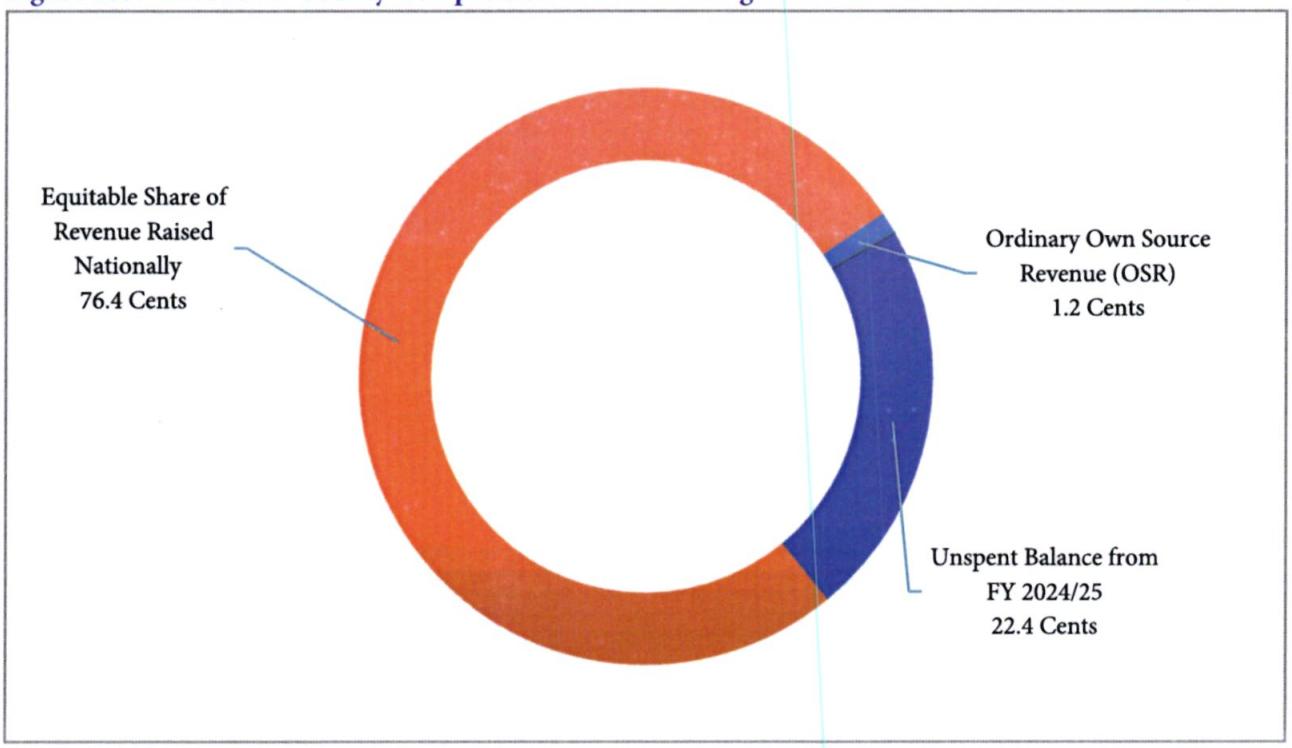
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	877,870,357	877,870,357	-	877,870,357	-
2	County Executive Refunds to CRF	190,769	190,769	-	190,769	-
3	County Assembly Refunds to CRF	4,004	4,004	-	4,004	-
	Sub-Total	**878,065,130**	**878,065,130**	**-**	**878,065,130**	**-**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,222,474,730	2,997,327,013	-	2,997,327,013	4,225,147,717
	Sub-Total	**7,222,474,730**	**2,997,327,013**	**-**	**2,997,327,013**	**4,225,147,717**
D	**Additional Allocations (Including Grants)**					
1	DANIDA (Universal Healthcare in Devolved System Program)	13,181,250	-	-	-	13,181,250
2	National Agricultural Value Chain Development Project (NAVCDP)		-	-	-	-
3	Food Systems Resilience Project (FSRP)	244,046,795	-	-	-	244,046,795
4	Kenya Agribusiness Development Programme	-	-	-	-	-
5	Second Kenya Devolution Support Program (KDSP II) - Institutional Grant (Level 1 Grant)	37,500,000	-	-	-	37,500,000
6	Second Kenya Devolution Support Program (KDSP II) - Service Delivery and Investment Grant (Level 2 Grant)	352,500,000	-	-	-	352,500,000
7	Financing Locally-Led Climate Action (FLLoCA) - County Climate Institutional Support (CCIS)	-	-	-	-	-
8	Financing Locally-Led Climate Action (FLLoCA) - County Climate Resilience Investment (CCRI)	150,000,000	-	-	-	150,000,000
9	Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG)	35,000,000	-	-	-	35,000,000

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
10	Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	100,000,000	-	-	-	100,000,000
11	Kenya Water, Sanitation, and Hygiene Program (K-WASH)	129,150,000	-	-	-	129,150,000
12	Supplement for Construction of County Headquarters	134,330,205	-	-	-	134,330,205
13	Aggregated Industrial Parks Programme	250,000,000	-	-	-	250,000,000
14	Community Health Promoters (CHPs)	28,200,000	-	-	-	28,200,000
15	Road Maintenance Fuel Levy (RMFL)	190,000,000	-	-	-	190,000,000
	Sub-Total	**1,663,908,250**	-	-	-	**1,663,908,250**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land rates	20,229,426	7,591,489	-		20,229,426
2	Single Business Permit	22,137,700	1,073,200	-	1,073,200	21,064,500
3	Cess	39,507,677	11,247,959	-	11,247,959	28,259,718
4	Plot rents	2,803,900	827,150		827,150	1,976,750
5	Administrative service fees	3,408,680	10,000	-	10,000	3,398,680
6	Natural Resources Extraction	80,957,080	19,689,100	-	19,689,100	61,267,980
7	Miscellaneous fees	6,267,406	1,500	-	1,500	6,265,906
8	Market fees	3,021,700	47,740	-	47,740	2,973,960
9	parking fees	2,338,222	3,211,139	-	3,211,139	- 872,917
10	Housing	4,170,650	2,777,671	-	2,777,671	1,392,979
11	Liquor Licences	3,465,000	224,000	-	224,000	3,241,000
12	Slaughterhouse fees	2,180,420	96,832	-	96,832	
13	Technical services	5,579,310	343,497	-	343,497	
	Sub-Total	**196,067,171**	**47,141,277**	-	**47,141,277**	**149,197,982**
F	**Facility Improvement Fund/Financing (FIF)**					
3	FIF	4,352,510	1,317,391		1,317,391	3,035,119
	Sub-Total	**4,352,510**	**1,317,391**	-	**1,317,391**	**3,035,119**
	Grand Total	**9,964,867,791**	**3,923,850,811**	-	**3,923,850,811**	**6,041,289,068**

Source: *Tana River County Treasury*

The County does not have governing legislation on the operation of ordinary A-I-A and FIFFigure 235 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

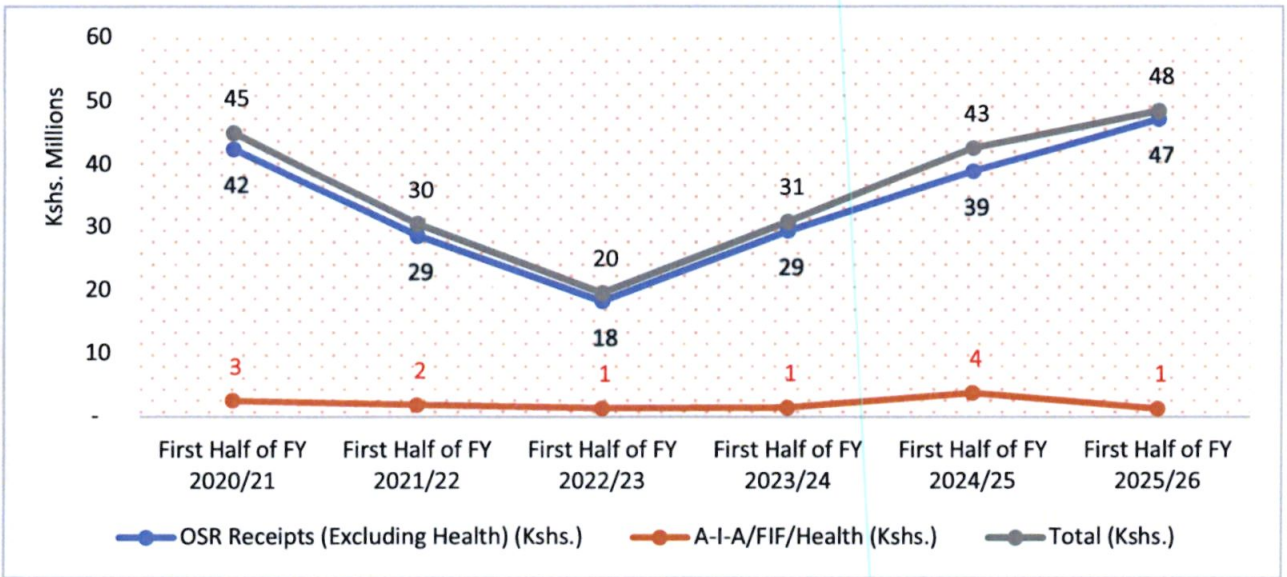
Figure 235: Tana River County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Tana River County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 76 per cent, 1 per cent and less than 1 per cent, respectively, of the total receipts for the reporting period. Figure 236 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 236: Tana River County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

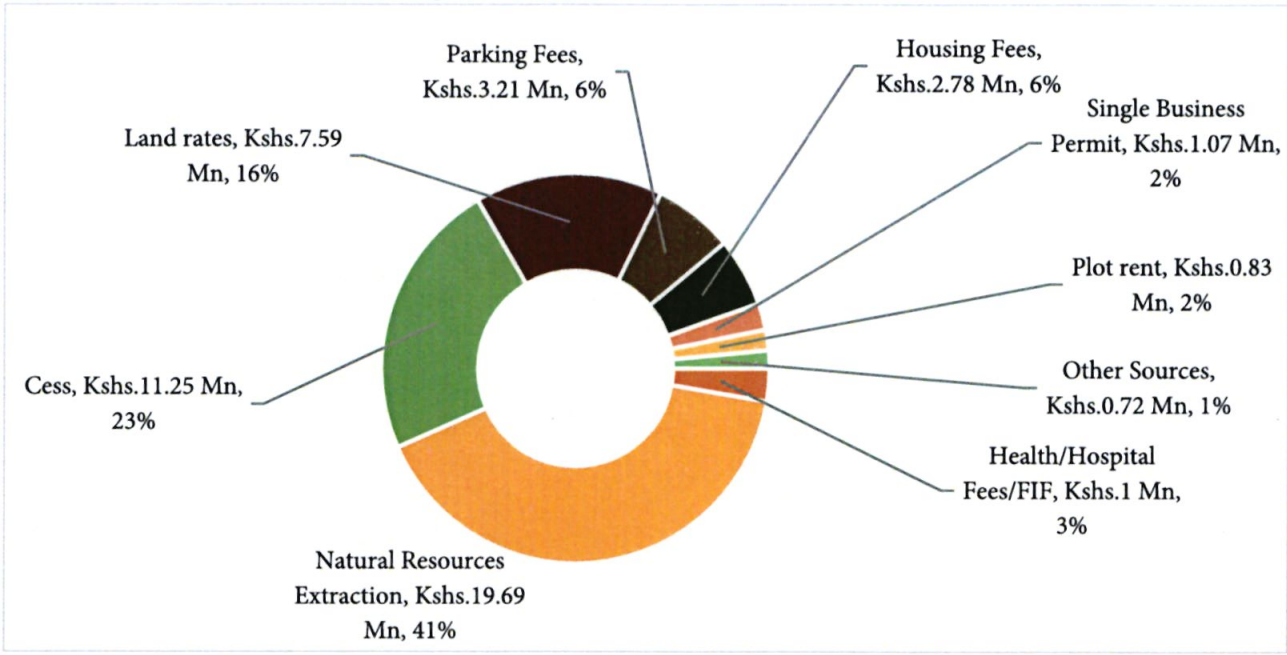


Source: *Tana River County Treasury*

During the first half of FY 2025/26, the County received Kshs.48.46 million from OSR, including FIF. This amount was an increase of 14 per cent compared to Kshs.42.57 million realised in a similar period in FY 2024/25, and was 24 per cent of the annual target and 2 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to increased revenue mobilisation strategies. The revenue streams that contributed the most to OSR receipts are shown in Figure 237

Figure 237: Tana River County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Tana River County Treasury

As shown in Figure 237, the highest revenue stream, at Kshs.19.69 million, was from the extraction of natural resources, accounting for 41 per cent of the total OSR receipts. The County Government has not yet automated revenue collection.

3.40.3 Revenue Arrears

As of 31st December 2025, the County did not report any revenue arrears.

3.40.4 Borrowing by the County

Tana River County Executive and Assembly did not report any credit facility during the period under review.

3.40.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.35 billion from the Tana River County Revenue Fund (CRF) account. This amount consisted of Kshs.Kshs.121.18 million (5 per cent) designated for development programs and Kshs.2.23 billion (95 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.24 billion was allocated to employee compensation and Kshs.990.44 million to operations and maintenance expenditures. Within the operations and maintenance category, 23 per cent was for domestic travel and 3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.227.70 million, which included Kshs.144.27 million for the County Executive and Kshs.83.43 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.30.57 million for the County Executive only.

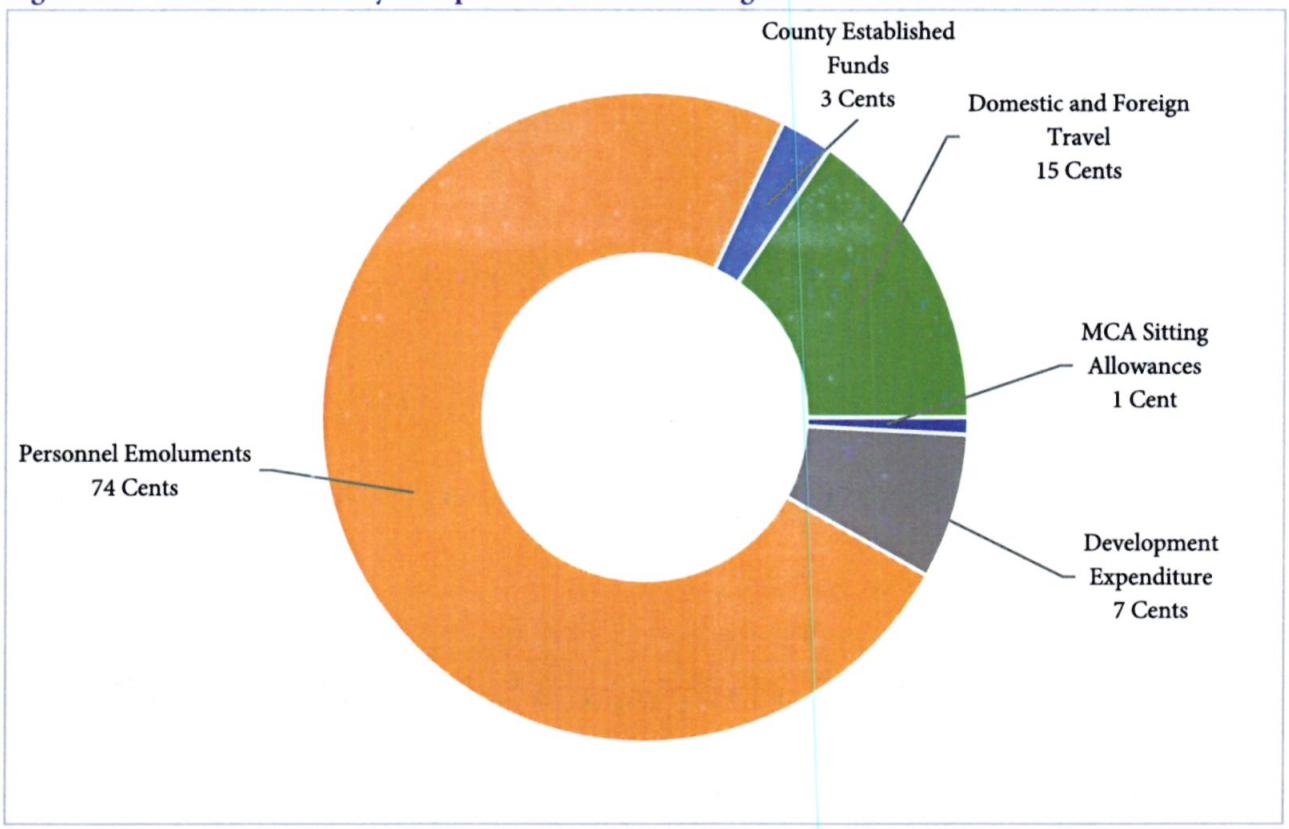
As of December 31, 2025, the County Government's cash balance in the Tana River County CRF account was Kshs.1.64 billion.

3.40.6 Expenditure Review

The County spent Kshs 1.92 billion on development and recurrent programmes during the reporting period. The expenditure represented 77 per cent of the total funds released by the CoB. It comprised Kshs.121.18 million for development programmes and Kshs.1.80 billion for recurrent programmes. Expenditure on development programmes accounted for 3 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 32 per cent of the annual recurrent expenditure budget.

Figure 238 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 238: Tana River County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Tana River *County Treasury*

As shown in Figure 238, the three highest expenditure categories were Personnel emoluments, Domestic & Foreign travel, and Development expenditure, which contributed 74, 15, and 7 per cent of total expenditure for the reporting period.

3.40.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.37 billion. The trade payables from the County Executive consisted of Kshs.Kshs.1.19 billion for recurrent expenditures and Kshs.1.18 billion for development expenditures. The County Assembly did not report any trade payables.

During the reporting period, the County Executive did not settle any trade payable. The outstanding trade payables as of 31st December 2025 were Kshs.2.37 billion for the County Executive.Table 3.591 provides additional details of trade payables.

Table 3.591: Tana River County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,175,571,115	1,193,950,184	2,369,521,299
	County Assembly	-	-	-
	Total	1,175,571,115	1,193,950,184	2,369,521,299
Amount paid in the first half of FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	**County Executive**	**1,175,571,115**	**1,193,950,184**	**2,369,521,299**
	County Assembly	-	-	-
	Total	**1,175,571,115**	**1,193,950,184**	**2,369,521,299**

Source: *Tana River County Treasury*

The County Table 3.592 the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which amounted to Kshs.2.37 billion.

Table 3.592: Tana River County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**392,158,278**	**370,271,431**	**159,282,924**	**253,858,483**	**1,175,571,115**
Recurrent Trade Payables (Goods & Services)	403,706,965	192,696,046	358,100,500	239,446,673	**1,193,950,184**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	403,706,965	192,696,046	358,100,500	239,446,673	**1,193,950,184**
Total Trade Payables	**795,865,243**	**562,967,476**	**517,383,424**	**493,305,156**	**2,369,521,299**
% of Total	34%	24%	22%	21%	100%

***Source**: Tana River County Treasury*

Table 3.593: Tana River County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	-	-	-	-
Total Trade Payables	-	-	-	-	-
% of Total	-	-	-	-	100

***Source**: Tana River County Treasury*

3.40.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.09 billion on compensation of employees, Kshs.422.20 million on operations and maintenance, and Kshs.80.64 million on development activities. Similarly, the County Assembly spent Kshs.143.67 million on compensation of employees, Kshs.137.62 million on operations and maintenance, and Kshs.40.54 million on development activities, as shown in Table 3.594

Table 3.594: Tana River County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,059,036,132**	**580,218,891**	**1,519,395,708**	**281,294,987**	-	-	**1,519,395,708**	**281,294,987**	**30%**	**48%**
Compensation of Employees	2,417,751,400	304,745,529	1,097,191,396	143,674,587	-	-	1,097,191,396	143,674,587	**45%**	**47%**
Operations and Maintenance	2,641,284,732	275,473,362	422,204,312	137,620,400	-	-	422,204,312	137,620,400	**16%**	**50%**
Development Expenditure	**3,884,454,744**	**441,158,025**	**80,638,613**	**40,544,369**	-	-	**80,638,613**	**40,544,369**	**2%**	**9%**
Total	8,943,490,876	1,021,376,916	1,600,034,321	321,839,356	-	-	1,600,034,321	321,839,356	18%	32%

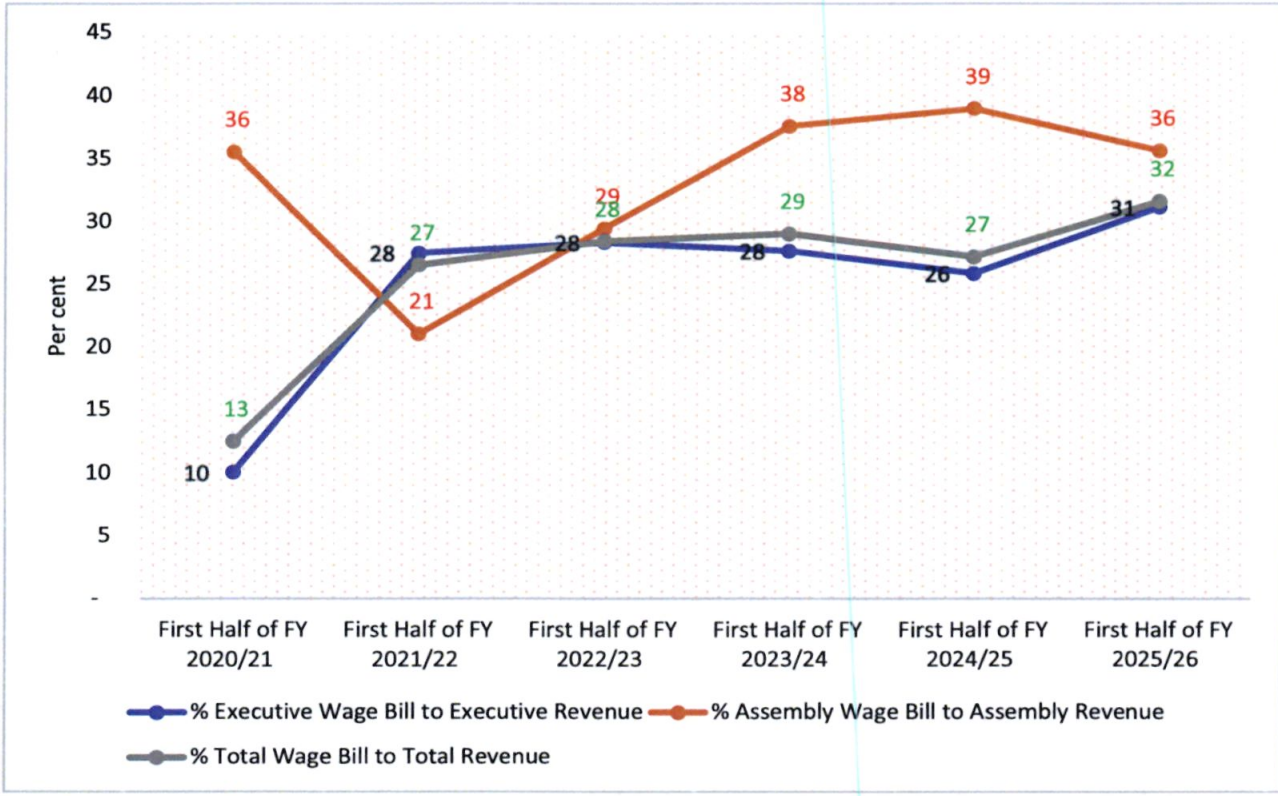
***Source**: Tana River County Treasury*

3.40.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.24 billion. The compensation-to-revenue ratio was 32 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.01 billion reported in a similar period in FY 2024/25. Of this total, Kshs.438.88 million related to Health Sector employees, accounting for 35 per cent of the overall employees' compensation.

Figure 239 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 239: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Tana River County Treasury

Further analysis indicated that PE costs totalling Kshs.1.15 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.87.78 million was processed through manual payroll, accounting for 7 per cent of the total PE cost. The justification for the continued use of manual payroll was the delay in obtaining personal identification numbers for new staff and for contract-based ward office staff.

The manual payroll included salaries for staff not onboarded to the Human Resource Information System (HRIS) and for Community Health Promoters (CHPs), as shown in Table 3.595

Table 3.595: Breakdown of Tana River County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	41,997,666	**33,407,327**	**75,404,993**
2	Community Health Promoters	12,377,735	-	**12,377,735**
	Total	**54,375,401**	**33,407,327**	**87,782,728**

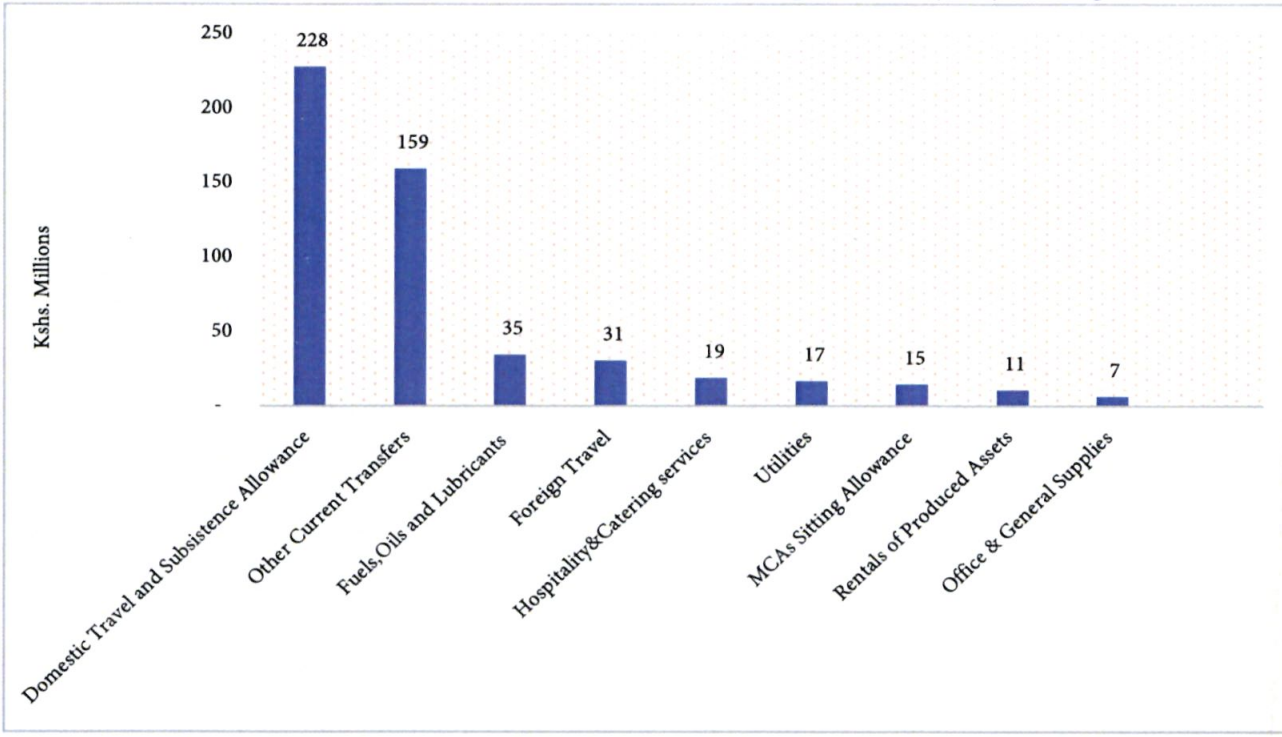
Source: Tana River County Treasury

The County Assembly spent Kshs.14.54 million on committee sitting allowances for the 27 MCAs against the annual budget allocation of Kshs.34.61 million. The average monthly sitting allowance was Kshs.89,762 per MCA. The County Assembly has 20 House Committees.

3.40.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.559.82 million on operations and maintenance, representing an increase of 31 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.816.84 million. Figure 240 summarises the Operations and Maintenance expenditure by major categories.

Figure 240: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: *Tana River County Treasury*

3.40.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.752.13 million to County-Established funds in FY 2025/26, or 7 per cent of the County's overall budget. Further, the County allocated Kshs.179.07 million to the Emergency Fund (2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3:598 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.596: Performance of Tana River County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in the First Half FY 2025/26 (Kshs.)	Actual Expenditure in the First Half FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund	Submission of First Half Financial Statements (Yes/No)
	County Executive Established Funds						
1.	Emergency Fund	2020	179,066,825	-	-		YES
2.	Disaster Risk Management Fund	2021	249,066,825	124,533,412	19,225,200		YES
3.	C. E Car Loan & Mortgage Fund	2018	50,000,000	25,000,000	25,000,000		YES
4.	Bursary Fund	2014	274,000,000	-	-		YES
	County Assembly Established Funds						
1.	C A Car Loan & Mortgage Fund	2014	-	-	-		YES
	Total		**752,133,650**	149,533,412	44,225,200		

Source: *Tana River County Treasury*

During the reporting period, the CoB received all the quarterly financial reports from 5 Fund Administrators, as indicated in Table 3.598, in accordance with Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the five Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Bursary and Scholarship Fund and the County Assembly Car loan &Mortgage Funds had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.40.12 County Corporations

The County has one County corporation, which was allocated Kshs.28 million in FY 2025/26. There was no expenditure during the period under review, as shown in Table 3.597

Table 3.597: Performance of Tana River County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Parent Department	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in the Half FY 2025/26 (Kshs)	Actual Expenditure in the First Half FY 2025/26 (Kshs.)
1.	Tana River Water and Sanitation Company (TAWASCO)	Water, Energy, Mining, Forestry and Natural Resources	28,000,000	-	-
	Total		**28,000,000**	**-**	**-**

Source: *Tana River County Treasury*

3.40.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.227.70 million and comprised Kshs.83.43 million spent by the County Assembly and Kshs.144.27 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.57 million, incurred by the County Executive only. Expenditure on foreign travel is summarised in Table 3.598

Table 3.598: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	Being part payment for Dubai Trip Warrant No.4771764	Dubai	1,360,800
County Executive	2	Being paid for the India Trip to India	India	2,989,384
County Executive	4	Being paid for Conference fees for 4 People while attending the 5th Gacopa International Conference	India	7,222,180
County Executive	7	Being perdiem attending the Africa Development Conference and Awards in Ethiopia	Ethiopia	6,931,720
County Executive	7	Per diem while attending the Africa Climate Summit in Addis Ababa, Ethiopia, from 3rd-11th Sep 2025	Ethiopia	4,648,920
County Executive	3	Per diem while attending the Leadership and Governance Conference in Dubai	Dubai	5,534,587
County Executive	7	Per diem while participating in Ealasca Games in Uganda from	Uganda	2,466,639

Source: Tana River County Treasury and Tana River County Assembly

3.40.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.1.32 million as FIF, which was 30 per cent of the annual target of Kshs.4.35 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023. The expenditure by the

Health facilities amounted to Kshs.61.99 million as shown in Table 3.599

Table 3.599: Tana River County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	--	-	-
2.	Level 4 Hospital	3	63,370,000	45,838,000	72
3.	Level 3 Facility	3	11,752,704	3,696,810	31
4.	Level 2 Facility	47	29,739,698	12,464,233	42
	Total	**53**	**104,862,402**	**61,999,043**	59

Source: *Tana River County Treasury*

3.40.15 Development Expenditure

In the review period, the County reported spending Kshs.121.18 million on development programmes, representing a decrease of 54 per cent compared to FY 2024/25, when the County spent Kshs.266.43 million. Table 3.600 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to challenges in implementing e-procurement in the County.

Table 3.600: Tana River County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget	Exchequer issues	Expenditure	Absorption Rate
1	Construction of Residential &Non-Residential Buildings	County Assembly	County Assembly	273,754,712	40,544,369	40,544,369	15%
2	Financially Locally Led Climate Action Programme (FLOCCA) WB	Water	County wide	230,638,613	80,638,613	80,638,613	35%
TOTAL				**504,393,325**	**121,182,982**	**121,182,982**	**24%**

Source: *Tana River County Treasury*

3.40.16 Budget Performance by Department

Table 3.601 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.601: Tana River County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	580.22	441.16	362.30	40.54	281.29	40.54	78	100	48	9
Office of The Governor and Deputy Governor	422.27	-	286.87	-	141.68	-	49	-	34	-
Finance and Planning	482.02	629.42	66.91	-	63.78	-	95	-	13	-
County Public Service Board	88.17	-	47.28	-	31.80	-	67	-	36	-
Trade, Tourism, Wildlife and Cooperative Development	53.60	265	39.97	-	5.57	-	14	-	10	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Veterinary	155.70	470.67	21.43	-	17.88	-	83	-	11	-
Culture, gender, Youth, Sports and Social Services	58.18	52	9.94	-	9.50	-	96	-	16	-
Education and Vocational Training	47.11	444	3.37	-	1.83	-	54	-	4	-
Medical Services, public Health and sanitation	1,589.08	120	656.95	-	477.67	-	73	-	30	-
Special program	261.70	-	132.24	-	125.31	-	95	-	48	-
Roads, Transport, Public works, Housing and Urbanisation	100.15	849.29	8.11	-	7.37	-	91	-	7	-
Water, Energy, Mining, Forestry and Natural Resources	47.29	257.83	11.42	-	6.05	-	53	-	13	-
Public Service, Administration and Citizen Participation	1,585.21	388.60	556.40	-	624.18	-	112	-	39	-
Lands and Physical Planning	39.59	50	10	-	4.98	-	50	-	13	-
Hola Municipality	83.01	120	5.09	-	1.41	-	28	-	2	-
Environment and Climate Change	45.95	237.64	13.03	80.64	0.40	80.64	3	100	1	34
Total	**5,639.26**	**4,325.61**	**2,231.30**	**121.18**	**1,800.69**	**121.18**	**81**	**100**	**32**	**3**

Source: *Tana River County Treasury*

Analysis of expenditure by departments shows that the Department of Environment and Climate Change recorded the highest absorption rate of development budget at 34 per cent, followed by the County Assembly at 9 per cent. The Department of Special Programs had the highest recurrent expenditure-to-budget ratio at 48 per cent, while the Department of Environment and Climate Change had the lowest at 1 per cent.

3.40.17 Budget Execution by Programmes and Sub-Programmes

Table 3.602 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.602: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
Environment &Climate Change				
	Environmental protection	230,638,613	80,638,613	35%
County Assembly				
	Refurbishment of Buildings	273,754,712	40,544,369	15%
RECURRENT				
Special programs	Drought management	2000000	2000000	100%
County Public Service Board	Ethics, Governance &Compliance	4309400	3395000	79%
Agriculture, Livestock, Fisheries and Veterinary	Construction of Ice Plant Storage	1425000	1105000	78%
Medical Services, public Health and sanitation	Health Products Technologies	124395000	96189080	77%
Agriculture, Livestock, Fisheries and Veterinary	Livestock production extension services	880000	629600	72%

Source: *Tana River County Treasury*

The development sub-programmes with the highest budget implementation rates were: Environmental protection in the Department of Environment and Climate Change at 35 per cent, and refurbishment of buildings in the County Assembly at 15 per cent.

For recurrent sub-programmes, the top performers included: Drought management in the Department of Special Programs at 100 per cent, Ethics governance and compliance in the County Public Service Board at 79 per cent, and Construction of ice plant storage in the Department of Agriculture, Livestock, Fisheries, and Veterinary at 78 per cent.

The higher performance of these programmes can be attributed to the timely approval of departmental workplans

Table 3.603 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.603: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
RECURRENT				
Culture, gender, Youth, Sports and Social Services	Gender leadership	4,450,000	100,500	2%
Public Service, Administration and Citizen Participation	ICT	8,700,000	160,700	2%
Public Service, Administration and Citizen Participation	County Administration	71,100,000	2,344,800	3%

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
Lands and Physical Planning	Administration, Planning, Support Services	1,344,626	50,000	4%
Public Service, Administration and Citizen Participation	Administration, planning, Support Services	1,222,580,674	70,022,027	6%

Source: *Tana River County Treasury*

All the development sub-programmes had zero absorption rates except Environment and Climate Change and the County assembly.

For recurrent sub-programmes, the lowest-performing included: Gender leadership in the Department of Culture, gender, Youth, Sports and Social Services at 2 per cent, ICT in the Department of Public Service, Administration and Citizen participation at 2 per cent, and County Administration in the Department of Public Service, Administration and Citizen participation at 3 per cent.

These lower performances can be attributed to delays in approving departmental work plans.

3.40.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 58 accounts in commercial banks, including 42 for Health Facilities, one for Vocational Training Centres, four for Established Funds, one revenue account, and ten special-purpose accounts (additional allocations).

3.40.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Tana River County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.48.46 million against an annual target of Kshs.200.42 million, representing 12per cent of the financial year target.
ii. Low development performance in the review period as the County incurred 121.18million on development activities, achieving a 3 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Bursary and Scholarship Fund and the County Assembly Car Loan & Mortgage Fund had lapsed, making them ineligible for further withdrawals.
iv. High level of pending bills, which amounted to Kshs.2.37 billion as of 31st December 2025. Further, there was non-payment of the pending bills by the County Treasury during the period under review

The County should implement the following recommendations to improve budget execution:

i. The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.
ii. The County should implement strategies to increase development expenditures in FY 2025/26.
iii. The County should ensure timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mecha-

nisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.

iv. The County Leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Pending Bills Action Plan should be enforced.

3.41. County Government of Tharaka Nithi

3.41.1 Overview of FY 2025/26 Budget

The Tharaka Nithi County's Approved Budget for FY 2025/26 is Kshs.6.77 billion. It comprises Kshs.2.51 billion (37 per cent) and Kshs.4.26 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.288 million (4 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.38 billion and a recurrent budget of Kshs.4.10 billion. The marginal increase in the budget was primarily attributed to the rise in equitable share and own source revenue.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.4.59 billion (68 per cent), additional allocations of Kshs.1.60 billion (24 per cent) and Kshs.585.40 million (9 per cent) generated as own-source revenue. The budget did not factor in funds carried over from the previous financial year of 2024-25. A breakdown of the additional allocations is shown in Table 3.606

3.41.2 Revenue Performance

During the first half of FY 2025/26, the County generated Kshs.2.53 billion in revenue. This amount represented an increase of 2 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.47 billion. The total revenue consisted of Kshs.2.10 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.7.86 million, as well as own-source revenue (OSR) collection of Kshs.219.42 million. Additionally, the County had a cash balance of Kshs.205.32 million from FY 2024/25. The total OSR collection of Kshs.219.42 million included Facilities Improvement Financing (FIF) of Kshs.129.82 million, and Kshs.89.60 million from other OSR sources. Table 3.604 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.604: Tharaka Nithi County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
		A	B	
A	**Unspent Balance from FY 2024/25**			
1	Balance at CRF		203,810,744	
2	County Executive Refunds to CRF		1,511,750	
3	County Assembly Refunds to CRF		1,953	
	Sub-Total	-	**205,324,447**	
B	**Equitable Share of Revenue Raised Nationally**			
1	Equitable Share	4,587,150,462	2,099,188,812	46%
	Sub-Total	**4,587,150,462**	**2,099,188,812**	46%
D	**Additional Allocations (Including Grants)**			
1	Danida	6,045,000		0%
2	Other Conditional Grants/CHP National Grant	32,703,317		0%
3	Supplement of Construction	47,981,059		0%
4	National Agricultural Value Chain Development Project (NAVC-DP	231,249,281		0%
5	FLOCCA	176,000,000		0%
6	WB KWASH PforR	350,000,000		0%
7	Aquaculture Business Development Programme	15,810,384	7,862,418	50%
8	Aggregated Industrial Parks Programme	150,000,000		0%
9	Kenya devolution Support Program II – Level II	352,000,000		0%
10	Kenya devolution Support Program II – Level I	37,500,000		0%

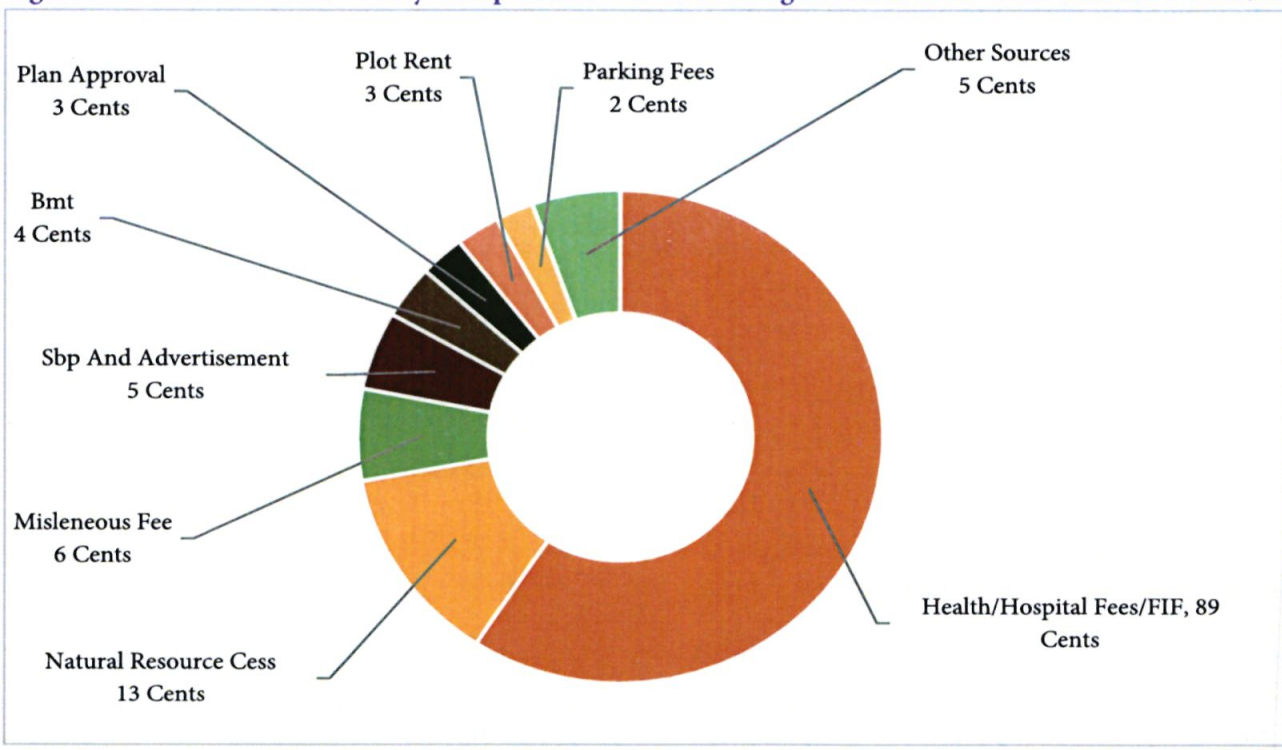
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
		A	B	
11	Kenya Urban Support Program II – Urban Institutional Grant	36,750,000		0%
12	Road Maintenance Levy	161,810,687		0%
	Sub-Total	**1,597,849,728**	**7,862,418**	0%
E	**Ordinary Own Source Revenue (OSR)**			
1	Single Bussines Permit	90,000,000	11,234,048	12%
2	Cess Fees	60,000,000	28,383,352	47%
3	Barter Market / Entrance Fee / Slaughter Fees	25,000,000	7,578,333	30%
4	Liqour License	25,000,000	3,956,522	16%
5	Parking Fees	22,000,000	5,172,006	24%
6	Technical Services	1,000,000		0%
7	Veterinary services	9,200,000	3,435,185	37%
8	Livestock and Agriculture Produce Cess	9,000,000	466,911	5%
9	Plot / Land Rates & Rents and Stand Premium	6,000,000	6,020,960	100%
10	Plan Approval fees	6,000,000	6,064,963	101%
11	Transfer application & adjudication	5,000,000	1,334,830	27%
12	Administration Fees and Charges	5,000,000	120,986	2%
13	Rent / Lease County Houses and Stalls	3,000,000	2,083,009	69%
14	Land and Rate	2,000,000		0%
15	Tourism (Mt. Kenya Lodge)	1,000,000	402,000	40%
16	Miscellaneous	1,000,000	13,216,350	1322%
17	Penalties	400,000	130,600	33%
18	Cooperative services	200,000		0%
19	Fire Inspection	200,000		0%
	Sub-Total	**280,000,000**	**89,600,055**	32%
F	**Facility Improvement Fund/Financing (FIF)**			
1	Hospital Fees	294,600,000	128,616,550	44%
2	Public Health Fees	5,000,000	1,205,802	24%
3	Other	5,800,000		0%
	Sub Total	**305,400,000**	**129,822,352**	**43%**
	Grand Total	**6,770,400,190**	**2,531,798,084**	**37%**

Source: *Tharaka Nithi County Treasury*

The County does not have governing legislation on the operation of ordinary A-I-A and FIF. The reason why most of the additional allocations are reading "0%" of the target is because they have not been released to the county by the respective donor institution

Figure 241 provides a detailed breakdown of receipts, showing a breakdown of each shilling received.

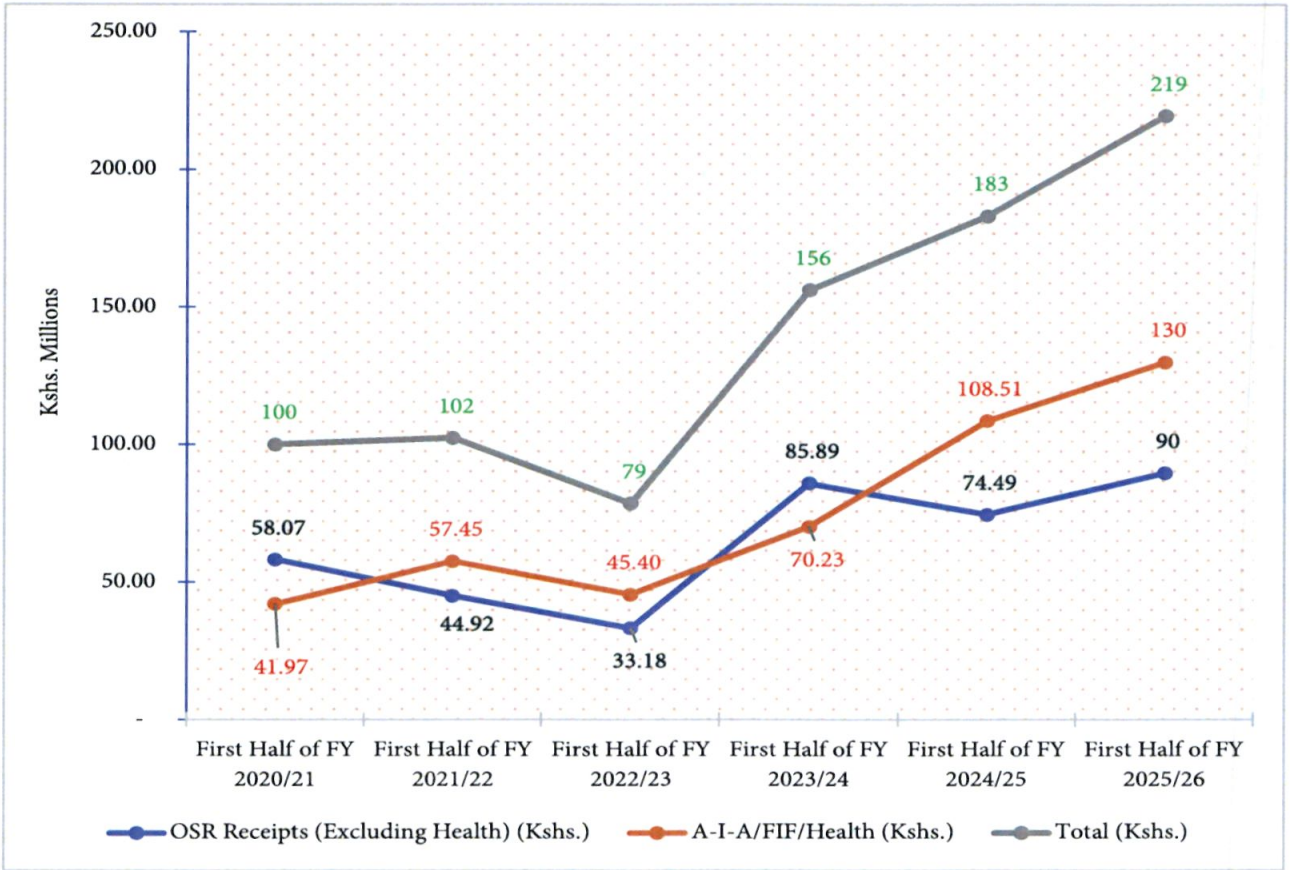
Figure 241: Tharaka Nithi County Composition of Each Shilling Received in the First Half of FY 2025/26



Source: *Tharaka Nithi County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 83 per cent, 4 per cent and 5 per cent, respectively, of the total receipts for the reporting period. Figure 242 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

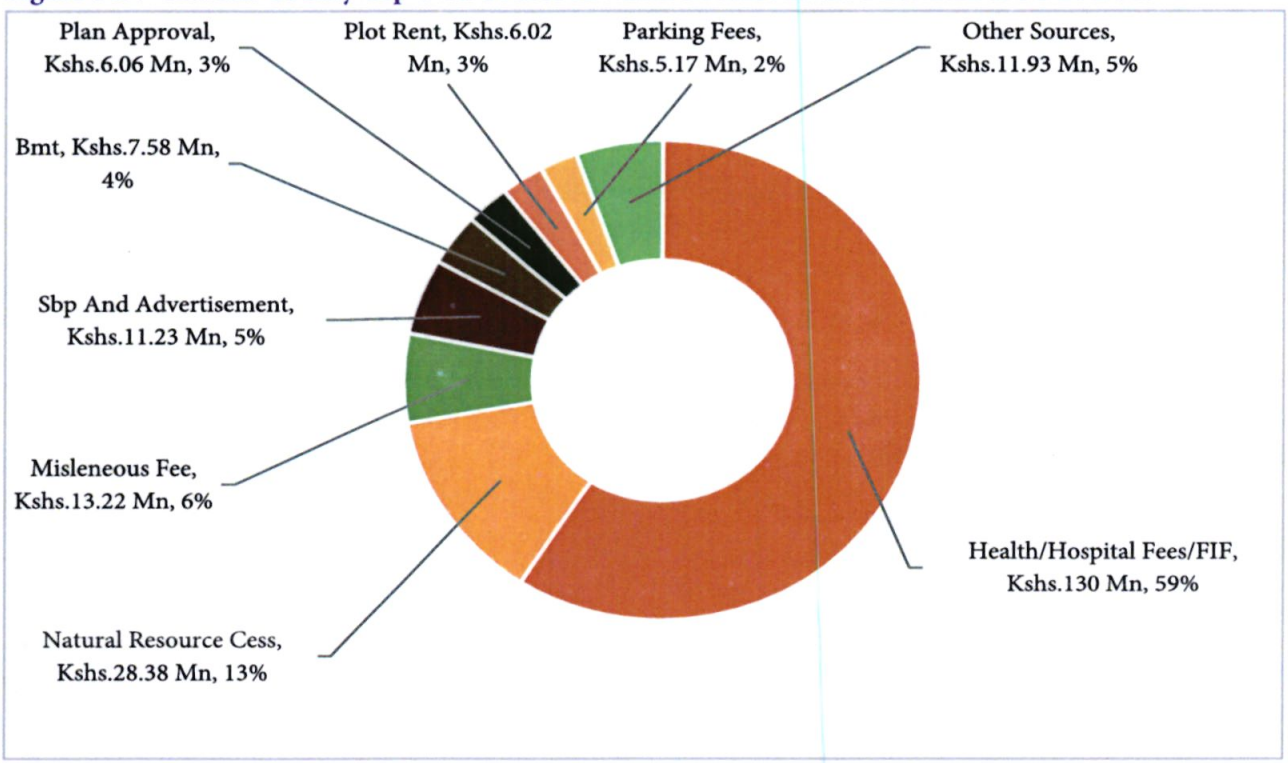
Figure 242: Tharaka Nithi County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Tharaka Nithi County Treasury*

During the First Half of FY 2025/26, the County generated Kshs.219.42 million in revenue from its sources, including FIF. This amount was an increase of 20 per cent compared to Kshs.183 million realised in a similar period in FY 2024/25, and was 37 per cent of the annual target and 1 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to aggressively addressing the issue revenue leaks. The revenue streams which contributed the highest OSR receipts are shown in Figure 243

Figure 243: Tharaka County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Tharaka Nithi County Treasury

As shown in Figure 243, the highest revenue stream, at Kshs.129.82 million, was from Health/Hospital Fees/FIF, accounting for 59 per cent of the total OSR receipts. The County Government indicated that it has automated most of the revenue streams

3.41.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.137.53 million, this amount increased to Kshs.625.54 million as of 31st December 2025. Table 3.605 presents a breakdown of the County's revenue arrears.

Table 3.605: Tharaka Nithi County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
	Dec 2025 Exchequer				429,954,335	429,954,335
	Sub-Total	-	-	-	**429,954,335**	**429,954,335**
C	**Ordinary Own Sources of Revenue**					
1	Plot Rent	57,762,492		3,250,000	2,379,040	56,891,532
2	County Houses	1,462,556		1,000,600	1,048,800	1,510,756
3	Market Stalls	833,250		833,250	626,841	626,841
	Sub-Total	**60,058,298**	-	**5,083,850**	**4,054,681**	**59,029,129**
E	**Facility Improvement Fund (FIF)**					
1	National Hospital Insurance Fund(NHIF)	22,075,535	-	-	-	22,075,535

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
2	Social Health Insurance Fund (SHIF)	54,382,260	-	20,250,000	79,833,235	113,965,495
3	AON Insurance	1,011,000	-	497,656	-	513,344
4	Other					
	Sub-Total	**77,468,795**	-	**20,747,656**	**79,833,235**	**136,554,374**
	Grand Total	**137,527,093**	-	**25,831,506**	**513,842,251**	**625,537,838**

Source: *Tharaka Nithi County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.625.54 million, comprising Kshs.429.95 million (69 per cent) for December 2025 exchequer tranche of equitable share, Kshs.136.55 million (22 per cent) for FIF/Hospital Fees/Health, and Kshs.59.03 million 9 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include automation and employing aggressive collection techniques

3.41.4 Borrowing by the County

The County Executive and the County Assembly did not borrow in the reporting period.

3.41.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.2.29 billion from the CRF account during the reporting period, which comprised Kshs.369.68 million (17 per cent) for development programmes and Kshs.1.92 billion (83 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.1.41 billion was towards employee compensation and Kshs.502.72 million for operations and maintenance expenditure.

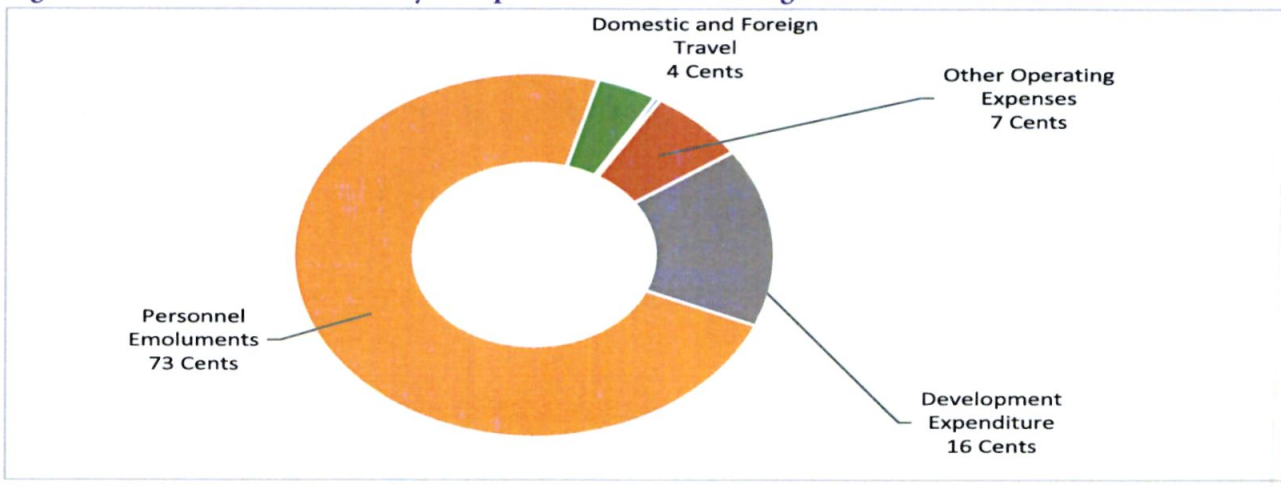
As of 31st December, 2025, the County Government's cash balance in the CRF account was Kshs.225,46 million.

3.41.6 Expenditure Review

The County spent Kshs.2.49 billion on development and recurrent programmes in the reporting period. The expenditure represented 109 per cent of the total funds released by the CoB (the expenditure exceeded the funds approved by the CoB because it includes funds not returned to the CRF at the end of the previous year). It comprised Kshs.369.66 million for development programmes and Kshs.2.12 billion for recurrent programmes. Expenditure on development programmes represented 15 per cent of the annual development expenditure budget, while recurrent expenditure represented 50 per cent of the annual recurrent expenditure budget.

Figure 244 provides a detailed breakdown of expenditure, showing the relative composition of each shilling spent.

Figure 244: Tharaka Nithi County Composition of Each Shilling Paid in the First Half of FY 2025/26



Source: *Tharaka Nithi County Treasury*

As shown in Figure 244, the three highest expenditure categories were Personal Emoluments, Development Expenditure and Other Operating Expenses contributing 73 percent, 16 per cent and 7 percent of the total expenditure for the reporting period.

3.41.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.754.52 million. This amount included Kshs.622.91 million from the County Executive and Kshs.131.61 million from the County Assembly. The trade payables from the County Executive consisted of Kshs.437.48 million for recurrent expenditures and Kshs.185.44 million for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.245.85 million, comprising Kshs.185.87 million (42 per cent) for recurrent programmes and Kshs.59.98 million (32 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.10.14 million, which included Kshs.180,255 (0.2 per cent) for recurrent activities and Kshs.9.96 million (72 per cent) for development activities. The outstanding trade payables as of 31st December 2025 was Kshs.377.06 million for County Executive and Kshs.142.40 million for County Assembly. Table 3.606 provides additional details of trade payables.

Table 3.606: Tharaka Nithi County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	185,435,237	437,475,073	622,910,310
	County Assembly	13,879,858	117,733,304	131,613,162
	Total	**199,315,095**	**555,208,377**	**754,523,472**
Trade payables scheduled to be settled in Q2 of FY 2025/26 according to the action plan	County Executive	314,154,745	69,403,296	383,558,041
	County Assembly	10,584,810	3,289,468	13,874,278
	Total	324,739,555	72,692,764	397,432,319
Amount paid in FY 2025/26	County Executive	59,982,067	185,871,325	245,853,391
	County Assembly	9,960,810	180,255	10,141,065
	Total	**69,942,877**	**186,051,580**	**255,994,456**
Trade Payables Incurred in FY 2025/26	County Executive			-
	County Assembly		20,926,997	20,926,997
	Total	-	**20,926,997**	**20,926,997**
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	125,453,171	251,603,748	377,056,919
	County Assembly	3,919,048	138,480,046	142,399,094
	Total	**129,372,219**	**390,083,794**	**519,456,013**

***Source**: Tharaka Nithi County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.383.56 million and Kshs.13.84 million, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.245.85 million for the Executive and Kshs.10.14 million for the Assembly.

Table 3.607 and Table 3.608 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.519.46 million.

Table 3.607: Tharaka Nithi County Executive Pending Bill Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**75,113,826**	**4,580,000**	**92,319**	**45,667,026**	**125,453,171**
Recurrent Trade Payables (Goods & Services)	137,467,833	16,389,923	9,401,496	88,344,497	251,603,749
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-				-
Recurrent Trade Payables (Staff Claims)					-
Recurrent Trade Payables	**137,467,833**	**16,389,923**	**9,401,496**	**88,344,497**	**251,603,749**
Executive Trade Payables	**212,581,659**	**20,969,923**	**9,493,815**	**134,011,523**	**377,056,920**
% of Executive Trade Payables	56%	6%	3%	36%	100%

Source: *Tharaka Nithi County Treasury*

Table 3.608: Tharaka Nithi County Assembly Pending Bill Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables			3,919,048		3,919,048
Recurrent Trade Payables (Goods & Services)			19,834,410	67,024,503	86,858,913
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)			15,328,067		15,328,067
Recurrent Trade Payables (Staff Claims)					-
Recurrent Trade Payables	-	-	35,162,477	67,024,503	102,186,980
Assembly Trade Payables	-	-	39,081,525	67,024,503	106,106,028
% of Assembly Payables	-	-	37%	63%	100%
Total Trade Payables	212,581,659	20,969,923	48,575,340	201,036,026	483,162,948
% of Total Trade Payables	44%	4%	10%	42%	100%

Tharaka Nithi County Treasury

3.41.8 Expenditure by Economic Classification

During the reporting period, the County Executive incurred Kshs.1.59 billion for compensation of employees, Kshs.335.88 million for operations and maintenance, and Kshs.359.70 million for development activities. Similarly, the County Assembly spent Kshs.103.49 million on compensation of employees, Kshs.96.86 million on operations and maintenance, and Kshs.9.96 million on development activities, as shown in Table 3.609

Table 3.609: Tharaka Nithi County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Absorption (%)
County Executive			
Recurrent	**3,750,015,558**	**1,921,591,540**	**57**
Compensation to Employees	2,455,544,603	1,585,714,266	74
Operations & Maintenance	1,294,470,955	335,877,274	26
Development	**2,481,851,027**	**359,698,058**	**14**
Executive Sub-total	**6,231,866,585**	**2,281,289,598**	**40**
County Assembly			
Recurrent	**508,533,605**	**200,346,638**	**44**
Compensation to Employees	275,426,847	103,487,080	45
Operations & Maintenance	233,106,758	96,859,558	42
Development	**30,000,000**	**9,960,810**	-

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Absorption (%)
Assembly Sub-total	**538,533,605**	**210,307,448**	**41**

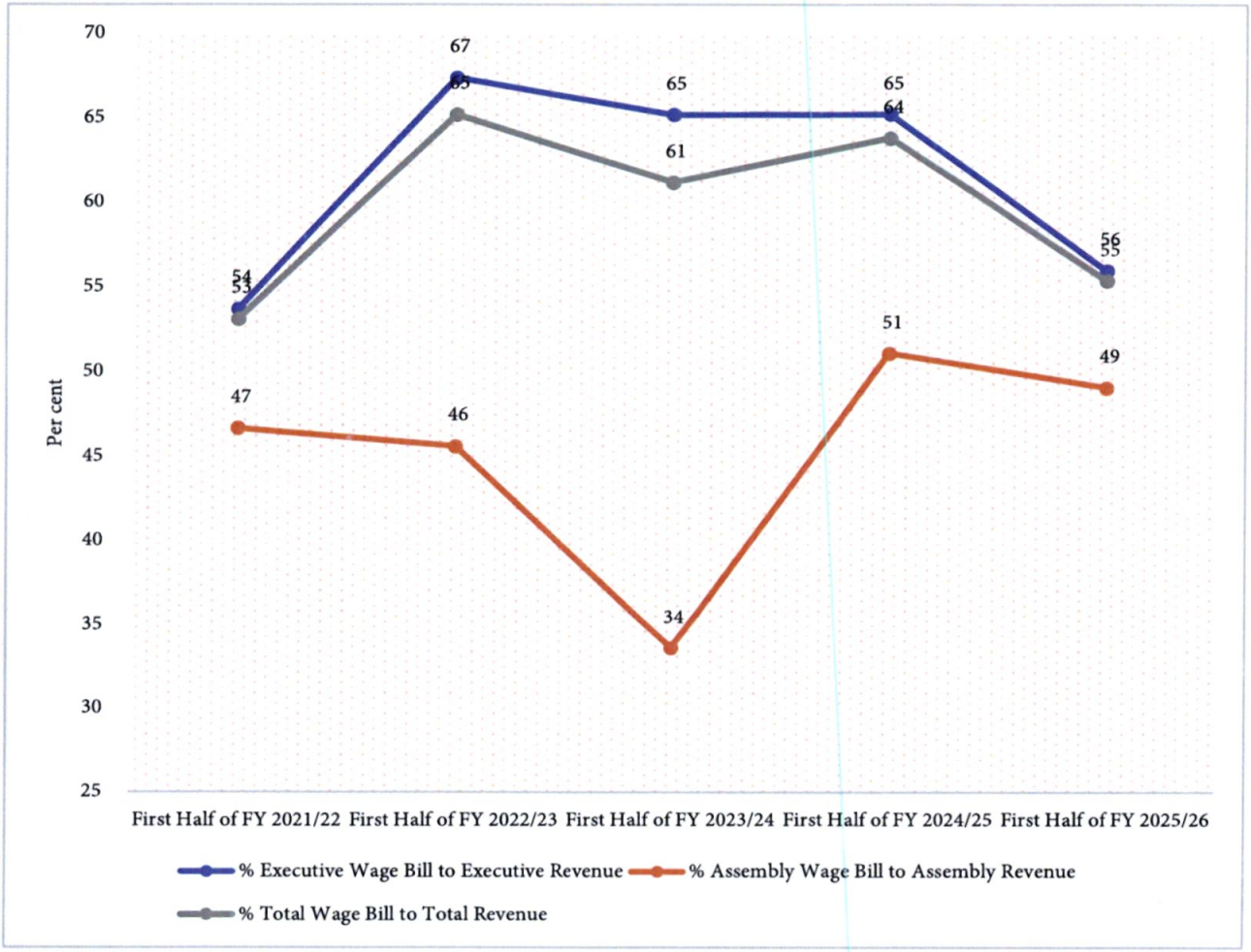
***Source**: Tharaka Nithi County Treasury*

3.41.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.1.69 billion. The percentage of compensation of employees to revenue was 55 per cent. This expenditure on employee compensation shows. an increase compared to the Kshs.1.43 billion reported in a similar period in FY 2024/25. Of this total, Kshs.772.20 million related to Health Sector employees, accounting for 40 per cent of the overall employees' compensation.

Figure 245 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 245: Percentage of Employee Compensation to Total Revenue Received from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Tharaka Nithi County Treasury

Further analysis indicated that PE costs amounting to Kshs.1.63 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.61.54 million was processed through manual payroll, which accounted for 4 per cent of the total PE cost.

The manual payroll comprised salaries for 0 staff not on-boarded into the Human Resource Information System (HRIS), salaries for varied numbers of casual staff casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.610

Table 3.610: Breakdown of Tharaka Nithi County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for casual staff	54,685,099		54,685,099
Gratuity for contract staff		61,539,303	61,539,303
Total	54,685,099	61,539,303	116,224,402

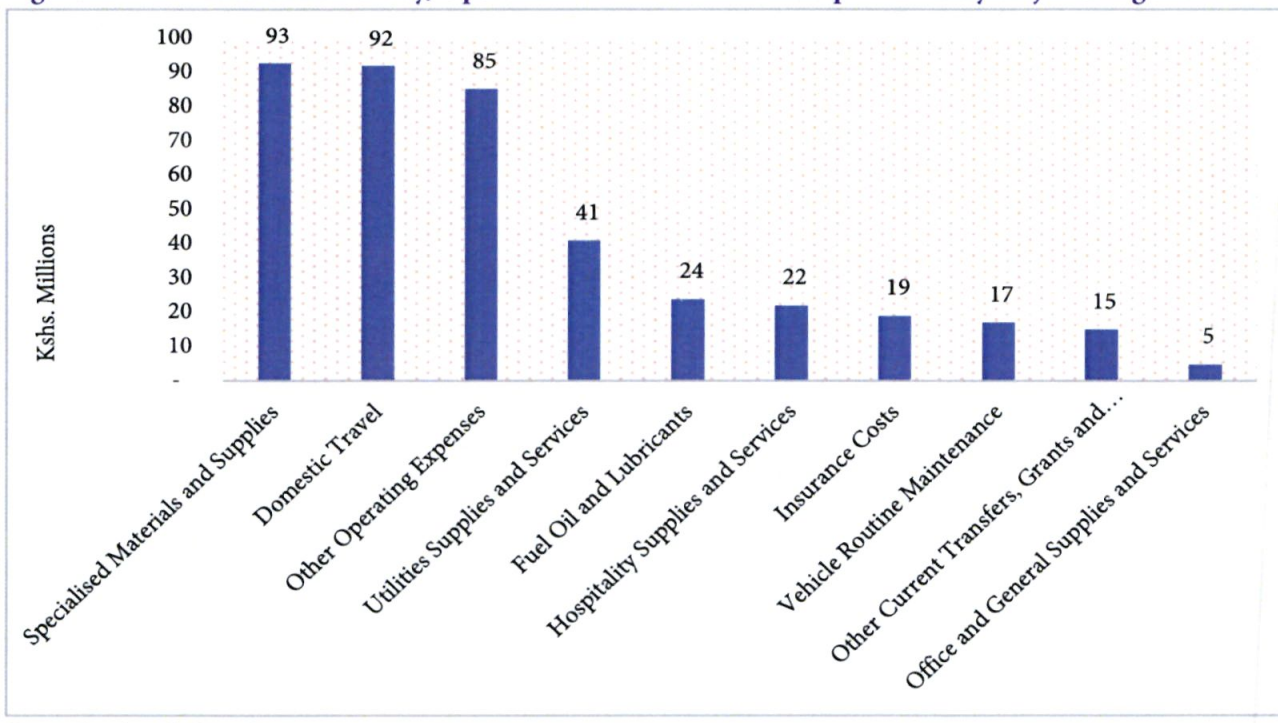
Source: Tharaka Nithi County Treasury

The County Assembly spent Kshs.8.73 million on committee sitting allowances for the 24 MCAs against the annual budget allocation of Kshs.27.90 million. The average monthly sitting allowance was Kshs.606.13 per MCA. The County Assembly has 19 House Committees.

3.41.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.432.74 million on operations and maintenance, representing a decrease of 5 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.455.84 million. Figure 246 summarises the Operations and Maintenance expenditure by major categories.

Figure 246: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: *Tharaka Nithi County Treasury*

3.41.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report submitted to the Controller of Budget for the first half of FY 2025/26 shows that the County spent Kshs.85.10 million under "other Operating expenses" translates to 20 per cent of the cumulative operations and maintenance expenditure of Kshs.432.74 million. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.611

Table 3.611: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211301	Bank Service Commission and Charges	202,900	-
2211305	Contracted Guards and Cleaning Services	55,000,000	39,883,652
2211306	Membership Fees, Dues, and Subscriptions to Professional and Trade Bodies	7,780,500	155,700

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211308	Legal Dues/fees, Arbitration and Compensation Payments	13,929,375	-
2211310	Contracted Professional Services	50,500,000	29,523,879
2211320	Temporary Committees Expenses	5,051,250	-
2211323	Laundry Expenses	250,000	
2211325	Constituency Office Expenses	22,728,000	15,535,500
Total		**155,442,025**	**85,098,731**

Source: *Tharaka Nithi County Treasury*

3.41.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.260 million to County-Established funds in FY 2025/26, or 4 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (0.15 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.612 summarises the budget allocations and performance of each established Fund during the reporting period.

Table 3.612: Performance of Tharaka Nithi County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
Tharaka Nithi County Executive Established Funds							
1	Bursary Development Fund	2019	-	-	-	110,032,667	Yes
2	Emergency Fund	2019	10,000,000	-	-	15,116,817	Yes
3	Youth Fund	2022	-	-	-	25,000,000	Yes
4	Car Loan and Mortgage Fund	2024	-	-	-	70,000,000	Yes
5	Climate Change Fund	2024	252,000,000	8,915,619	8,915,619	195,843,205	Yes
Tharaka Nithi County Assembly Established Funds							
1	Car and Mortgage Fund	-	-	-	-	-	No
	Total		**262,000,000**	**8,915,619**	**8,915,619**	**415,992,689**	

Source: *Tharaka Nithi County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from one Fund Administrators, as indicated in Table 3.614, contrary to the requirement of Section 168 of the PFM Act, 2012. Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 sets the ceiling of administration costs of established funds at 3 percent of the fund budget. For the funds whose financial statements were received by the Controller of Budget, the administrative cost ceilings were not breached.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the funds had not elapsed.

3.41.13 County Corporations

The County has one corporation and does not receive a budget allocation from the County budget. Table 3.613 gives the breakdown.

Table 3.613: Performance of Tharaka Nithi County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Nithi Water and Sanitation Company (NIWASCO)	Nil	Nil	Nil	Nil
	Total	**Nil**	**Nil**	**Nil**	**Nil**

Source: *Tharaka Nithi County Treasury*

3.41.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.91.88 million and comprised Kshs.65.23 million spent by the County Assembly and Kshs.26.66 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.24 million and comprised Kshs.0.75 million by the County Assembly and Kshs.1.49 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.614

Table 3.614: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel in (Kshs.)
County Executive	2	17th-19th Sep 2025	Council of Governors delegation aiming at strengthening bilateral relation between Kenya and Greece and Italy	Greece, Italy	1,486,565
County Assembly	1	1st-10 July 2025	Official Duty	London UK	751,400
Total					**2,2137,965**

Source: Tharaka Nithi County Treasury and County Assembly

Under operations and maintenance costs, "*other expenses*" include Kshs.6.5 million for legal fees.

3.41.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.129.82 million as FIF, which was 43 per cent of the annual target of Kshs.305.40 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.35.28 million, as shown in Table 3.615

Table 3.615: Tharaka Nithi County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	One Level 5 Hospital (Chuka Referral Hospital)	1	100,700,000	31,691,408	31.5%
2	Two Level 4 Hospitals (Magutuni and Marimanti)	2	42,150,000	3,587,120	8.5%
	Total		**142,850,000**	**35,278,528**	**24.7%**

Source: *Tharaka Nithi County Treasury*

3.41.16 Development Expenditure

In the review period, the County reported spending Kshs.369.66 million on development programmes, representing an increase of 10 per cent compared to FY 2024/25, when the County spent Kshs.337.45 million. Table 3.616 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to increases in revenue from the equitable share and own-source revenue.

Table 3.616: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2025/26 (Kshs.)	Cumulative Expenditure as of 31st December 2025	Implementation status (%)
	County Funded Projects							
1	Roads	RML	County-wide	30 June 2026	161,810,687	55,944,250	55,944,250	-
2	Agriculture	Crop Subsidy	County-wide	30 November 2025		42,100,000	42,100,000	100%
3	HEALTH	Count-Part Funding Safaricom Mpesa Foundation (Mpukoni Health Centre)	Magumoni	30 April 2027	95,890,510	26,194,690	35,057,090	15%

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2025/26 (Kshs.)	Cumulative Expenditure as of 31st December 2025	Implementation status (%)
4	Roads	Upgrading of Karandini-Kithioroni Roads to Bitumen Standard	Magumoni	23/12/2023	450,171,829.80	20,126,069.60	405,438,217.57	82.32
5	Roads	Completion of Tharaka Nithi County Headquarters at Kathwana	Igambang'ombe	03-12-26	129,003,938	17,493,240	36,950,865.40	15.08
6	Roads	Upgrading of Kambandi-Cheera-Ruguti Road to Bitumen Standard	Mugwe	21/11/2021	356,261,151.12	12,637,620	279,713,488.59	75
7	Water and Irrigation	Other Civil Works and pending bills	County wide	-	-	11,316,101	11,316,101	-
8	Water, Environment, and Natural Resources	FLLoCA - Counter fund	County-wide	30-06-26	-	11,000,000	11,000,000	-
9	Roads	Proposed Completion of Ndagani Market	Karingani	07 May 2026	40,849,000	10,902,261	18,466,841	18.52
	Donor Funded Projects							
1	Water, Environment, and Natural Resources	FLLoCA - Conditional Grant	County-wide	30-06-26	-	8,913,484	8,913,484	-
2	Fisheries and Ecosystem Development	Aquaculture Business Development Programme (ABDP)	County-wide	30 June 2026	15,810,000	7,862,418	7,862,418	-
3	Agriculture	NAVCDP	County-wide	30 June 2026	231,249,281	-	-	-
4	Water and Irrigation	2640503 Kenya Water and Sanitation Programme	County wide	30th-June 2026	350,000,000	-	-	
5	Public administration, intergovernmental coordination, and devolution affairs	Kenya Devolution Support Program (KDSP II)	County-wide	30th June 2026	352,000,000	-	-	-

Source: *Tharaka Nithi County Treasury*

The County reported one stalled development project as of 31st December 2025, with an estimated value of Kshs.689.34 million, of which Kshs.105.89 has already been paid. The stalled projects are shown in Table 3.617

Table 3.617: Tharaka Nithi County Stalled Projects as of 30 September 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 September 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Upgrading of Tunyai Nthaara Road to Bitumen Standard	Chiakariga	689,341,000	105,887,119	583,453,881	15.36	Funding

Source: Tharaka Nithi County Treasury

3.41.17 Budget Performance by Department

Table 3.618 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.618: Tharaka Nithi County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs. Millions)		Expenditure (Kshs.Millions)		Expenditure (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy	109.93	-	40.38	-	39.82	-	99	-	36	-
Roads, Infrastructure, Public Works & Urban Development	220.39	554.79	84.57	152.95	83.61	208.89	99	137	38	38
Medical Services	1,721.35	110	912.95	35.03	852.52	35.03	93	100	50	32
Agric, Livestock, Vet Services, & Coop Dev	211.99	369.25	88.78	67.74	78.93	67.72	89	100	37	18
Public Admin, Intergov Coordination & Devolution Affairs	178.45	357	56.24	0.89	55.98	0.89	100	100	31	-
Educ &Vocational Training	214.62	40	103.74	4.99	90.45	4.99	87	100	42	12
Finance & Economic Planning	206.23	40	84.33	-	83.70	-	99	-	41	-
Environment, Mining &Natural Resources	38.85	241	10.79	11	7.84	19.91	73	181	20	8
County Assembly	508.53	30	200.35	9.96	221.03	9.96	110	100	43	33
Water Services & Irrigation	65.23	450	25.27	11.32	25.03	11.32	99	100	38	3
County Public Service Board	40.13	-	14.80	-	11.28	-	76	-	28	-
Public Health & Sanitation	331.76	-	140.45	-	110.08	-	78	-	33	-
Youth &Sports	38.89	50	15.05	8.66	13.27	8.66	88	100	34	17
Culture & Tourism	31.25	5	17.14	2.09	15.79	2.09	92	100	51	42
Revenue & Resource Mobilization	119.33	-	49.28	-	48.50	-	98	-	41	-
Lands, Physical Planning & Housing	69.97	84	22.72	-	20.84	-	92	-	30	-
Fisheries & Ecosystem Dev	24.10	25.81	6.37	-	6.12	-	96	-	25	-
Gender, Children & Social Services	31	5	11.01	-	10.97	-	100	-	35	-
Trade, Investment Promotion, Energy & Industry	56.83	150	19.75	0.19	19.02	0.19	96	100	33	-
Office of the County Secretary & County Attorney	39.70	-	12.62	-	11.98	-	95	-	30	-
Total	**4,258.55**	**2,511.85**	**1,916.60**	**304.82**	**1,806.75**	**369.66**	**94**	**121**	**42**	**15**

***Source**: Tharaka Nithi County Treasury*

Analysis of expenditure by departments shows that the Department of Culture and Tourism recorded the highest absorption rate of development budget at 42 per cent, followed by the Department of Roads, Infrastructure, Public Works & Urban Development at 38 per cent. The Department of Culture and Tourism had the highest recurrent expenditure-to-budget ratio at 51 per cent, while the Department of Environment, Mining & Natural Resources had the lowest at 20 per cent.

3.41.18 Budget Execution by Programmes and Sub-Programmes

Table 3.619 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.619: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Agriculture, Livestock, Veterinary Services, and Cooperative Development				
P: Livestock and Fisheries Resource Management and Development				
SP: Veterinary Services and Disease Prevention		15,000,000	13,445,950	90
Culture and Tourism				
P: Culture, Arts and Social Services				
SP: Culture and Arts Promotion		5,000,000	2,089,500	42
Roads, Infrastructure, Public Works, and Urban Development				
P: Roads Transport				
SP: Rural Roads Improvement and Maintenance Service		431,810,687	172,651,968	40
Roads, Infrastructure, Public Works, and Urban Development				
P: Public Works and Housing Services				
SP: Public Works Services		67,981,059	25,336,415	37
County Assembly				
P: General Admin, Planning and Support Services				
SP: Office of the Clerk		30,000,000	9,960,810	**33**
RECURRENT				
County Assembly				
P: County Legislation and oversight services				
Sp: Oversight		61,084,919	48,528,233	79
Medical Services				
P: General Administration Planning and Support Services				
SP: Human resource management		1,270,385,959	843,389,596	66
Medical Services				
P: General Administration Planning and Support Services				
SP: General Administration Services		129,250,000	79,971,576	62
Education and Vocational Training				
P: General Administration Planning and Support Services				
SP: Administration Planning and Support Services		153,921,750	75,162,792	49
Roads, Infrastructure, Public Works, and Urban Development				
P: Roads Transport				
SP: Rural Roads Improvement and Maintenance Services		89,600,000	43,141,097	48

Source: *Tharaka Nithi County Treasury*

The higher performance of these programmes can be attributed to the county's "priority status" accorded to them. Additionally, some programs benefited from rolled funds that were not swept back to the CRF at the end of the previous financial year. These funds are saved from the bureaucracy of the opening year procedure, hence are easier to spend

Table 3.620: This table summarises budget execution by programmes and sub-programmes in the period under review, with the lowest absorption rates.

Program Sub Program	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT			
3612 Roads, Infrastructure, Public Works, and Urban Development			
P: General Administration Planning and Support Services			
SP: General Administration Services	15,000,000	-	-
3615 Agriculture, Livestock, Veterinary Services, and Cooperative Development			
P: Crop Development and Management			
SP: Crops Development, Agribusiness and Market Development	105,000,000	-	-
P: Livestock and Fisheries Resource Management and Development			
SP: Livestock Policy Development and Capacity Building	3,000,000	-	-
3616 Public Administration, Intergovernmental Coordination and Devolution Affairs			
P: General Administration, Planning and Support Services			
SP: Sub-County Administration and Field Services	5,000,000	-	-
P: Kenya Devolution Support Programme			
SP: Tharaka Nithi KDSP Capacity Building	352,000,000	-	-
3617 Education and Vocational Training			
P: General Administration, Planning and Support Services			
SP: Human Resource Management Services	40,000,000	-	-
3620 Environment, Mining, and Natural Resources			
P: Environment Management and Natural Resources Conservation			
SP: Climate Change	241,000,000	-	-
3622 Water Services and Irrigation			
P: Water Supply Services			
SP: Domestic Water Services	25,000,000	-	-
SP: Irrigation and Drainage Services	30,000,000	-	-
3628 Youth and Sports			
P: Sports Development and Promotion			
SP: Athletics Championships and Other Games	50,000,000	-	-
P: Land Policy and Planning			
SP: Physical Planning Services	84,000,000	-	-
3634 Trade, Investment Promotion, Energy, and Industry			
P: Energy Resource Development & Management			
SP: Energy Resource Development & Management	15,000,000	-	-
P: Industrial Development and Investment			
SP: Industrial Development	125,000,000	-	-
SP: Consumer Protection & Fair Trade Practices	10,000,000	-	-

Program Sub Program	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
RECURRENT			
3612 Roads, Infrastructure, Public Works, and Urban Development			
P: Chuka Municipality Development Programme			
SP: Chuka Municipality Administration and management	6,735,000	-	-
3613 Medical Services			
P: Curative and Rehabilitative Services			
SP: Primary Healthcare-Kibunga	1,570,000	-	-
3615 Agriculture, Livestock, Veterinary Services, and Cooperative Development			
P: Cooperative Development and Management			
SP: Cooperative Development	3,299,380	-	-
3620 Environment, Mining, and Natural Resources			
P: Environment Management and Natural Resources Conservation			
Sp: Climate Change	13,250,000	-	-
3628 Youth and Sports			
P: Sports Development and Promotion			
SP: Athletics Championships and Other Games	2,398,850	-	-
3629 Culture and Tourism			
P: Tourism Development and Promotion			
SP: Tourism Branding and Marketing	2,716,444	-	-
SP: Miss Tourism Tharaka Nithi	1,276,606	-	-
3634 Trade, Investment Promotion, Energy, and Industry			
P: Industrial Development and Investment			
SP: Industrial Development	6,230,000	-	-

Source: *Tharaka Nithi County Treasury*

There is no single significant reason for the implementation of the above programs' not taking off. For some of the programmes. Reasons vary, for example, programs associated with additional allocations are zero because the respective institutions had not released the additional allocations

3.41.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue-collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 19 accounts in commercial banks, including 3 accounts for Health Facilities, 1 account for loan repayment by the assembly, 5 accounts for Established Funds, and 10 revenue accounts. Note – the health facility accounts are part of the revenue accounts

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening the commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.41.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report; the last batch of reports was received on 4th February 2026.

ii. The underperformance of own-source revenue at Kshs.219.423 million against an annual target of Kshs.585.40 million, representing 37 per cent of the financial year target.

iii. Low development performance in the review period, as the County incurred Kshs.369.66 million on development activities, achieving a 15 per cent absorption rate.

iv. The County is lagging in the settlement of payment bills. According to their own payment plans, the county executive by the end of Q2 should have paid Kshs.383.56 million but paid Kshs.245.85 million (66 per cent). The County Assembly should have paid 13.87 but paid Kshs.10.14 (73 per cent)

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Office of the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*

ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

iv. *The County Treasury should accelerate payment of pending bills in quarter 3 to compensate for the shortfall in quarter 2.*

3.42. County Government of Trans Nzoia

3.42.1 Overview of FY 2025/26 Budget

The Trans Nzoia County Approved Budget for FY 2025/26 is Kshs.9.92 billion. It comprises Kshs.3.67 billion (37 per cent) and Kshs.6.25 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.537.36 million (5 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.34 billion and a recurrent budget of Kshs.6.11 billion. The decrease in the budget was primarily attributed to the decline in the balance brought forward and the conditional grant.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.7.99 billion (81 per cent), additional allocations of Kshs.804.91 million (8 per cent), a cash balance of Kshs.509.46 million (5 per cent) brought forward from FY 2024/25, and Kshs.600 million (6per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.621

3.42.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.07 billion. This amount represented an increase of 3 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.3.95 billion. The total revenue consisted of Kshs.3.32 billion from the equitable share of revenue raised nationally, as well as the own-source revenue (OSR) collection of Kshs.241.89 million. Additionally, the County had a cash balance of Kshs.509.46 million from FY 2024/25. The total OSR collection of Kshs.241.89 million included Facilities Improvement Financing (FIF) of Kshs.143.04 million, and Kshs.98.85 million from other OSR sources. Table 3.621 summarises the total revenue available to the County Government during FY 2025/26.

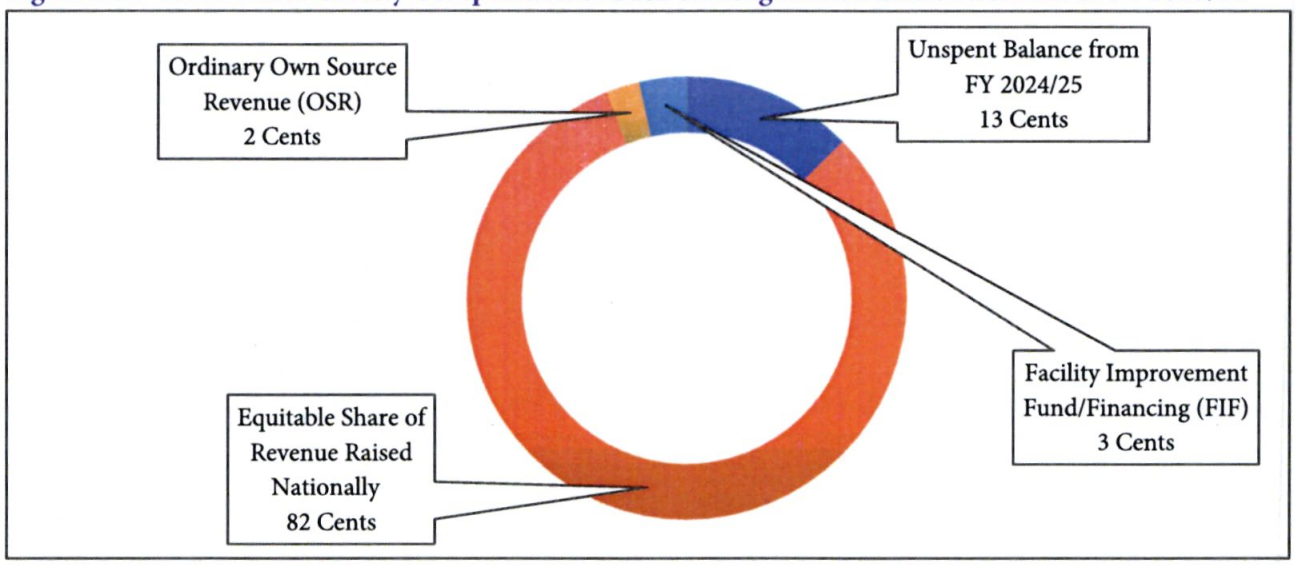
Table 3.621: Trans Nzoia County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	509,468,773	509,468,773		509,468,773	
2	County Executive Refunds to CRF	2,661,315	2,661,315		2,661,315	
3	County Assembly Refunds to CRF	11,994	11,994		11,994	
	Sub-Total	**509,468,773**	**509,468,773**		**509,468,773**	
B	**Equitable Share of Revenue Raised Nationally**					
1	...	7,991,120,837	3,316,315,147		3,316,315,147	4,674,805,690
	Sub-Total	**7,991,120,837**	**3,316,315,147**		**3,316,315,147**	**4,674,805,690**
D	**Additional Allocations (Including Grants)**					
1	Doctor Salary Arrears	46,626,677				46,626,677
2	Community Health Promoters	67,200,000				67,200,000
3	Second KDSP Level 1(Institutional Grant)	37,500,000				37,500,000
4	KDSP Level II	352,500,000				352,500,000
5	Kenya Livestock Commercialisation Project(Kelcop)	60,550,000				60,550,000
6	National Agricultural Value Chain Programme	231,250,000				231,250,000
7	Primary Health Care in a Devolved Context	9,282,000				9,282,000
	Sub-Total	**804,908,677**				**804,908,677**
E	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary Own Source Revenue (OSR)	324,970,591	98,848,690		98,848,690	226,121,901
	Sub-Total	**324,970,591**	**98,848,690**			**226,121,901**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	275,029,409	143,047,398		143,047,398	131,982,011
2	Defunct NHIF					
	Sub-Total	**275,029,409**	**143,047,398**		**143,047,398**	**131,982,011**
Total		**9,917,660,017**	**4,067,680,008**		**4,067,680,008**	**5,849,980,009**

Source: *Trans Nzoia County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 247 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

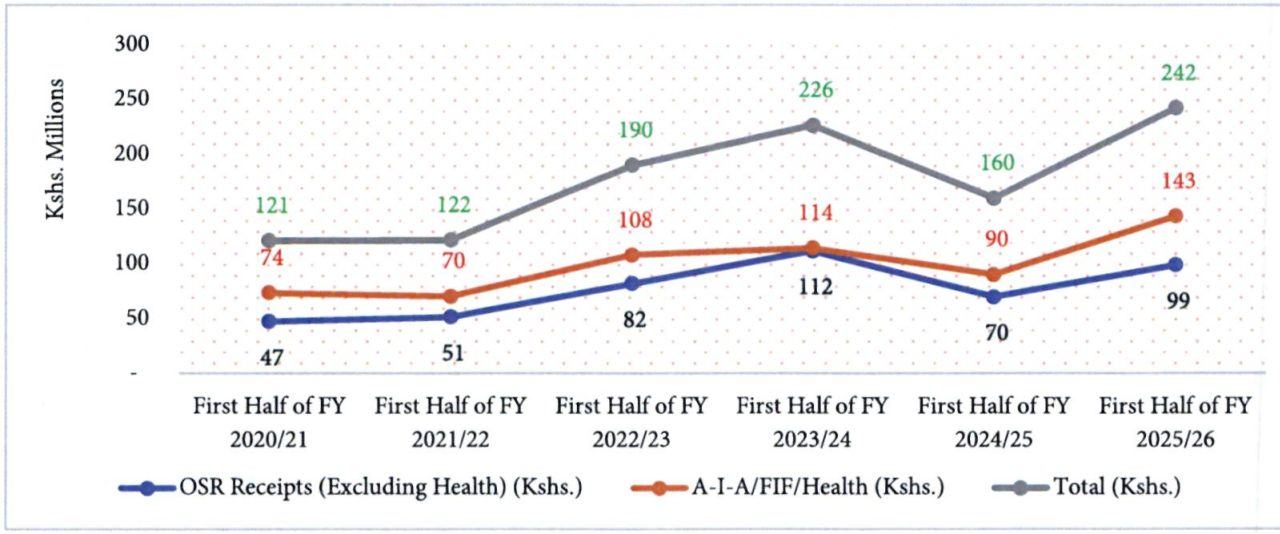
Figure 247: Trans Nzoia County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Trans Nzoia County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 82 per cent, 2 per cent, and 3 per cent, respectively, to total receipts for the reporting period. Figure 248 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 248: Trans Nzoia County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

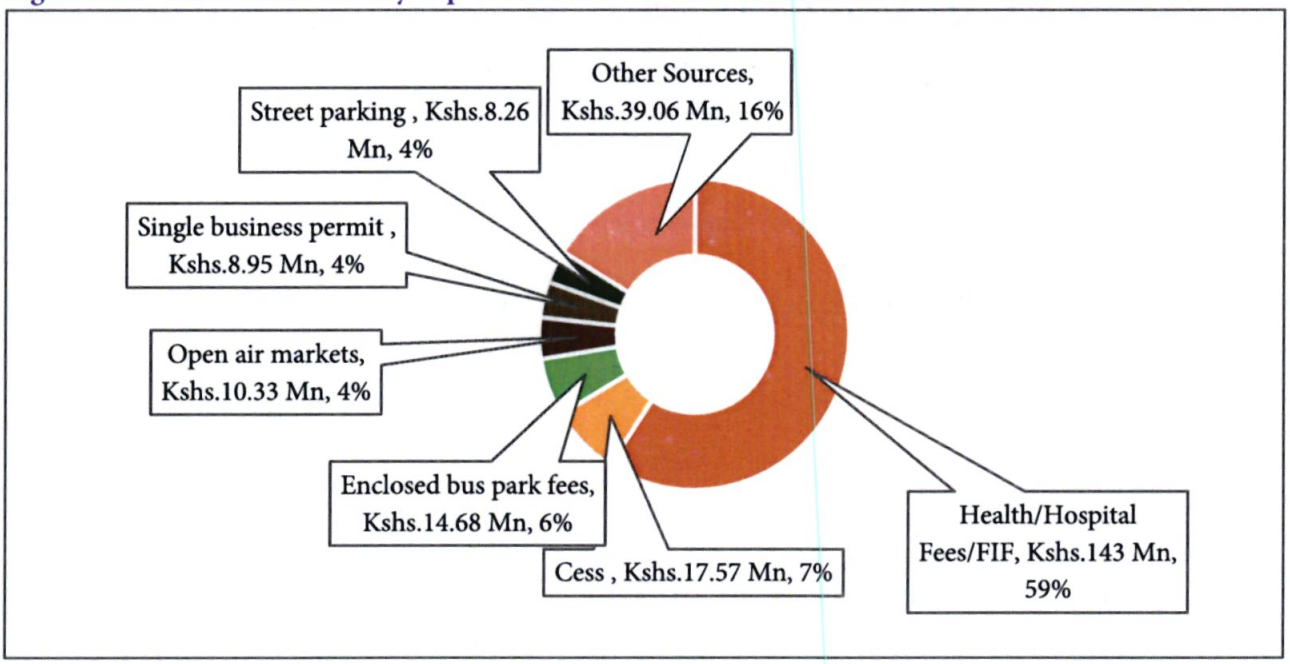


Source: *Trans Nzoia County Treasury*

During the first half of FY 2025/26, the County received Kshs.241.89 million from OSR, including FIF. This amount was an increase of 52 per cent compared to Kshs.159.66 million realised in a similar period in FY 2024/25, and was 40 per cent of the annual target and 7 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the automation of some revenue streams to cashless. The revenue streams that contributed the most to OSR receipts are shown in Figure 249

Figure 249: Trans Nzoia County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Trans Nzoia County Treasury

As shown in Figure 249, the highest revenue stream, at Kshs.143.04 million, was from Health, hospital fees/FIF, accounting for 59 per cent of the total OSR receipts. The County Government indicated that it has automated 37 of 56 revenue streams.

3.42.3 Borrowing by the County

There was no borrowing during the reporting period.

3.42.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.46 billion from the Trans Nzoia County Revenue Fund (CRF) account. This amount consisted of Kshs.781.42 million (23 per cent) designated for development programs and Kshs.2.68 billion (77 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.90 billion was allocated for employee compensation, and Kshs.773.88 million for operations and maintenance expenditures. Within the operations and maintenance category, 16 per cent was for domestic travel and 2.3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.99.60 million, including Kshs.39.80 million for the County Executive and Kshs.67.80 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.18.17 million for the County Assembly. There was no foreign travel for County Executive.

As of December 31, 2025, the County Government's cash balance in the Trans Nzoia CRF account was Kshs.38.06 million.

In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.69.19 million from the Trans Nzoia County Assembly Fund (CAF) account during the review period. This amount was only for recurrent activities.

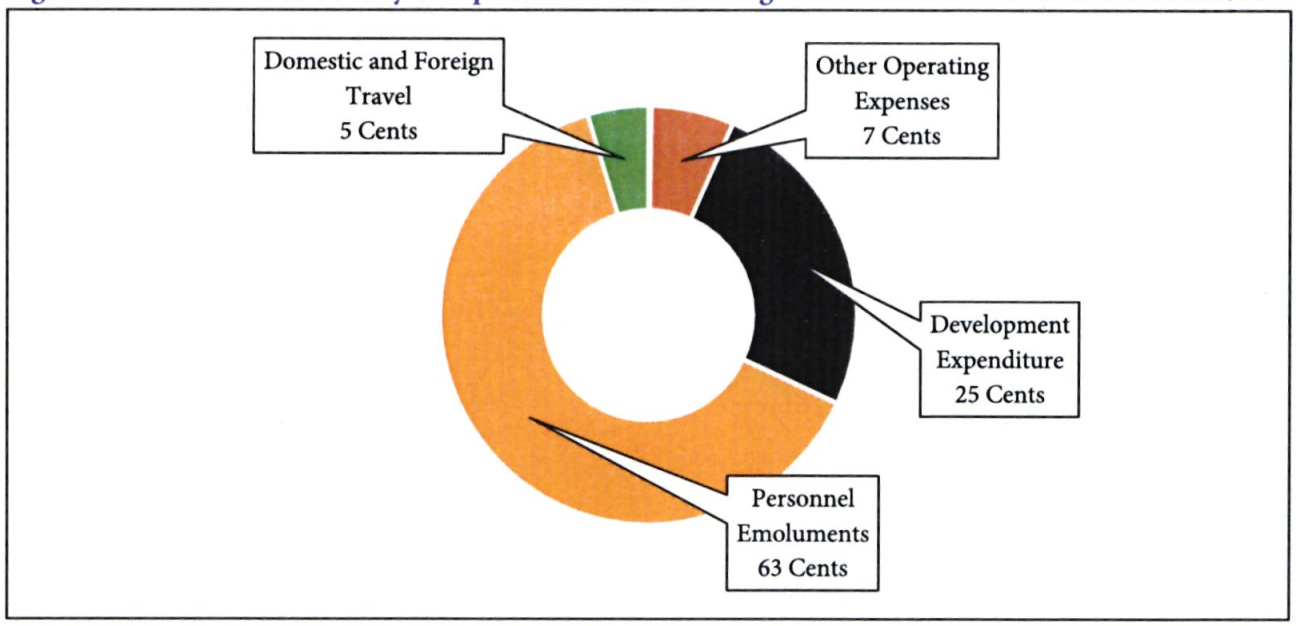
As of December 31, 2025, the County Government's cash balance in the Trans Nzoia CAF account was Kshs.1.81 million.

3.42.5 Expenditure Review

The County spent Kshs.3.51 billion on development and recurrent programmes in the reporting period. The expenditure represented 101 per cent of the total funds released by the CoB. It comprised Kshs.781.42 million for development programmes and Kshs.2.73 billion for recurrent programmes. Expenditure on development programmes accounted for 21 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 44 per cent of the annual recurrent expenditure budget.

Figure 250 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 250: Trans Nzoia County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Trans Nzoia County Treasury

As shown in Figure 250, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Other Operating Expenses, which contributed 64, 25, and 7 per cent of total expenditure for the reporting period, respectively.

3.42.6 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.57 billion. This amount of Kshs.2.57 billion was for the County Executive. The trade payables from the County Executive, comprising Kshs.1.08 billion for recurrent expenditure and Kshs.1.49 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.604.81 million, comprising Kshs.160.45 million (27 per cent) for recurrent programmes and Kshs.444.36 million (73 per cent) for development programmes. The outstanding trade payables as of 31st December 2025 were Kshs.1.97 billion for County Executive. Table 3.623 provides additional details of trade payables.

Table 3.622: Trans Nzoia County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,486,134,308	1,083,865,222	2,569,999,530
		County Assembly	-	-	-
		Total	**1,486,134,308**	**1,083,865,222**	**2,569,999,530**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	418,340,563	327,119,736	745,460,299
		County Assembly	-		-
		Total	**418,340,563**	**327,119,736**	**745,460,299**
Amount paid in the First Half of FY 2025/26	c	County Executive	444,363,292	160,451,615	604,814,907
		County Assembly	-	-	-
		Total	**444,363,292**	**160,451,615**	**604,814,907**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**1,041,771,017**	**923,413,607**	**1,965,184,624**
		County Assembly	-	-	-
		Total	**1,041,771,017**	**923,413,607**	**1,965,184,624**

Source: *Trans Nzoia County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.327.12 million and Kshs.418.34 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.604.81 million for the Executive.

Table 3.623 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.97 billion.

Table 3.623: Trans Nzoia County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**302,467,134**	**674,439,429**	**64,864,454**	-	**1,041,771,017**
Recurrent Trade Payables (Goods & Services)	249,321,213	313,161,235	25,380,763	-	587,863,211
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	32,473,968	139,840,944	163,235,483	-	335,550,396
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**281,795,181**	**453,002,179**	**188,616,246**	-	**923,413,607**
Total Trade Payables	**584,262,315**	**1,127,441,608**	**253,480,700**	-	**1,965,184,624**
% of Total	**30**	**57**	**13**	-	**100**

Source: *Trans Nzoia County Treasury*

3.42.7 Expenditure by Economic Classification

The County Executive incurred Kshs.1.79 billion on compensation of employees, Kshs.613.40 million on operations and maintenance, and Kshs.781.42 million on development activities. Similarly, the County Assembly spent Kshs.167.96 million on compensation of employees, Kshs.159.42 million on operations and maintenance, and Kshs.0 million on development activities, as shown in Table 3.624

Table 3.624: Trans Nzoia County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,585,864,959**	**664,759,422**	**2,401,455,984**	**224,780,324**	-	**102,599,391**	**2,401,455,984**	**327,379,714**	**43**	**49**
Compensation of Employees	3,715,229,946	349,739,422	1,788,051,642	116,510,257	-	51,447,970	1,788,051,642	167,958,227	48	48
Operations and Maintenance	1,870,635,013	315,020,000	613,404,342	108,270,067	-	51,151,421	613,404,342	159,421,487	33	51
Development Expenditure	**3,667,035,636**	-	**781,416,233**	-	-	-	781,416,233	-	**21**	-
Total	**9,252,900,595**	**664,759,422**	**3,182,872,217**	**224,780,324**	-	**102,599,391**	**3,182,872,217**	**327,379,714**	**34**	**49**

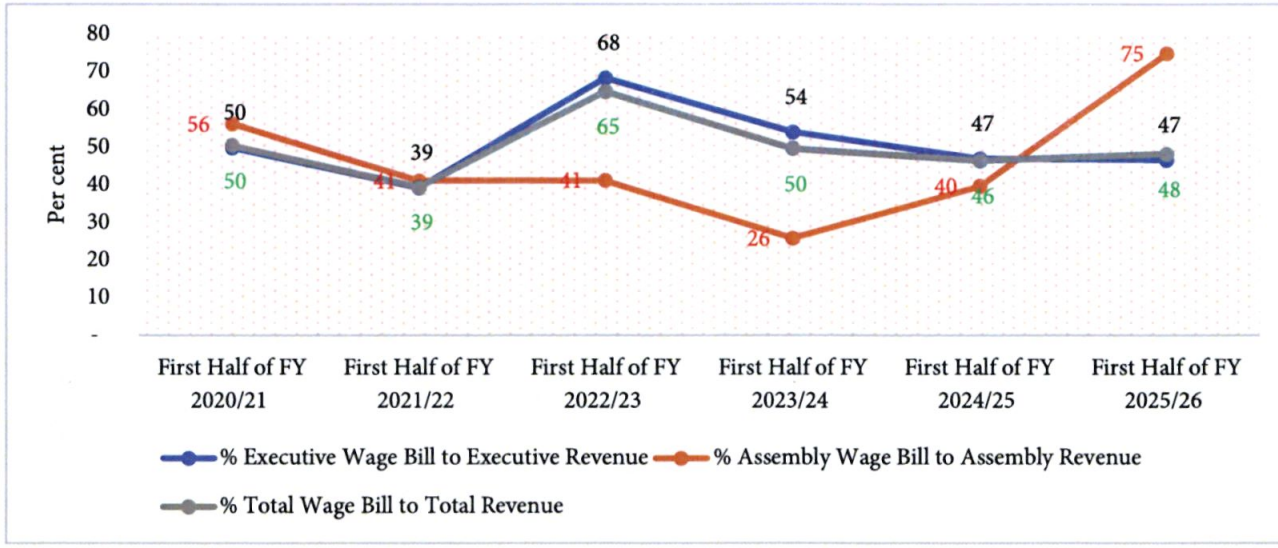
Source: *Trans Nzoia County Treasury*

3.42.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.96 billion. The compensation-to-revenue ratio was 48 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.46 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.08 billion for Health Sector employees, accounting for 55 per cent of overall employees' compensation.

Figure 251 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 251: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



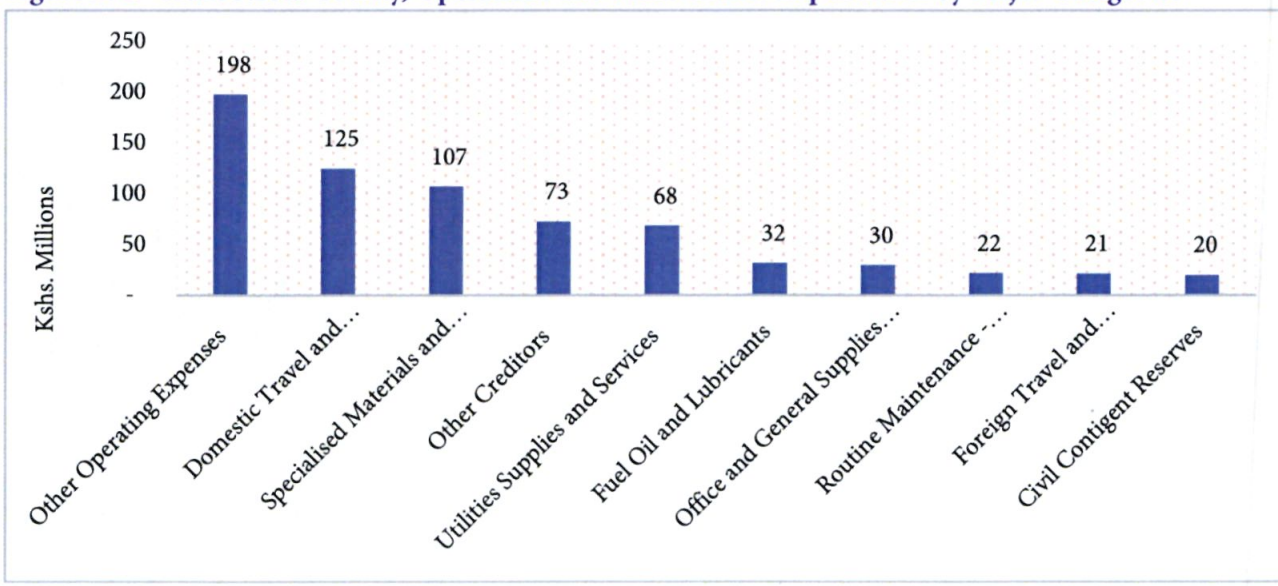
Source: *Trans Nzoia County Treasury*

The County Assembly spent Kshs.6.91 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.42.43 million. The average monthly sitting allowance was Kshs.33,896 per MCA. The County Assembly has 22 House Committees.

3.42.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.772.83 million on operations and maintenance, representing an increase of 45 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.530.12 million. Figure 252 summarises the Operations and Maintenance expenditure by major categories.

Figure 252: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: *Trans Nzoia County Treasury*

3.42.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.197.83 million on "*other operating expenses*," which is 26 per cent of the total operations and maintenance expenditure of Kshs.772.83 million. This category of expenditure includes Kshs.16.05 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.625

Table 3.625: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211301	Bank Service Commission and Charges (Bank charges), Supervision and operation of ward installations (Education&ICT)	14,051,976	5,364,129
2211305	Contracted Guards and Cleaning Services	24,515,811	4,920,683
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	1,900,000	2,161,122
2211307	Transport costs and charges - for the school feeding programme	16,500,000	14,906,000
2211308	Legal Dues/fees, Arbitration and Compensation Payments	19,000,000	16,052,000
2211309	Liquor Licence Operations/Quality assurance and standards	3,069,338	2,134,450
2211320	social economic surveys (temporary committee services)	16,000,000	8,123,470
2211320	Public Participation/Civic Education-Vikao Programme	4,127,000	3,777,770
2211328	Support to Groups	1,800,000	746,270
2211399	Audit Committee Expenses and CBEF	4,000,000	1,447,000
2211399	Medical support to vulnerable (indigent) Groups - Natecare and 1 bag of Maize Programme	29,000,000	28,592,500
2211399	Other Operating Expenses - Other	110,927,538	109,601,082
	Total	**244,891,663**	**197,826,476**

Source: *Trans Nzoia County Treasury*

3.42.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.80 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.626 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.626: Performance of Trans Nzoia County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Car Loan and Mortgage		25,000,000	-	-	Not provided	No
2	Elimu Bursary Fund		15,000,000	-	-	995,451,795	Yes
3	Nawiri Fund		-	-	-	84,000,000	No
4	Emergency Fund		40,000,000	20,000,000	20,000,000	20,000,000	No
		County Assembly Established Funds					
5	Car Loan and Mortgage Scheme Fund (Members and Staff	2014	-	-	-	313,738,212	Yes
	Total		**80,000,000**	**20,000,000**	**20,000,000**	**1,413,190,007**	

Source: *Trans Nzoia County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Car loan and mortgage, Nawiri, and Emergency Fund Administrators, as indicated in Table 3.62656, contrary to the requirements of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the Elimu Bursary and Nawiri Fund had expired. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.42.12 County Corporations

The County has Trans Nzoia County corporation, which was not allocated any amount, as shown in Table 3.627

Table 3.627: Performance of Trans Nzoia County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Trans Nzoia Water and Sewerage Company Ltd	-	-	-	14,500,000
	Total				**14,500,000**

Source: *Trans Nzoia County Treasury*

3.42.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.99.60 million and comprised Kshs.67.80 million spent by the County Assembly and Kshs.31.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.17 million and comprised Kshs.18.17 million by the County Assembly and Kshs.0 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.628

Table 3.628: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	6	10/10-20/10/2025	Transformative Leadership and Effective Governance Programme.	Istanbul -Turkey	3,134,040		3,134,040
County Assembly	1	28/06-05/07/2025	The Kenya Australia Chamber of Commerce Agricultural Forum.	Australia	301,860		301,860
County Assembly	5	30/10-7/11/2025	Training Conference on Best Diplomats and Leadership program.	Windsor Hotel-Turkey	2,611,700		2,611,700
County Assembly	7	14/10-24/10/2025	Transformative Leadership and Effective Governance program for County Assemblies.	Istanbul -Turkey	3,580,850		3,580,850
County Assembly	3	28/06-05/07/2025	The Kenya Australia Chamber of Commerce Agricultural Forum.	Australia	588,000		588,000
County Assembly	2	5/10-11/11/2025	The Global Girl Leading Educational Conference Forum.	London Uk	1,168,700		1,168,700
County Assembly	3	10/11-20/11/2025	Transformative Leadership and Effective Governance program for county Assemblies.	Addis Ababa Ethiopia	1,384,110		1,384,110
County Assembly	2	24/11-29/11/2025	Transformative Leadership and Effective Governance program for county Assemblies.	Addis Ababa Ethiopia	791,700		791,700
County Assembly	28	Various Dates	Air Tickets	Various Destination	4,613,088		4,613,088
Total					**18,174,048**		**18,174,048**

Source: *Trans Nzoia County Treasury and Trans Nzoia County Assembly*

3.42.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.143.05 million as FIF, which was 52 per cent of the annual target of Kshs.275.03 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.57.86 million, as shown in Table 3.629

Table 3.629: Trans Nzoia County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	2	221,669,508	42,874,293	19.3
2.	Level 3 Facility	9	134,762,404	14,995,213	9
3	Level 2 Facility	1	45,667,333	321,500	0.7
	Total		402,099,245	57,859,435	14.4

Source: *Trans Nzoia County Treasury*

3.42.15 Development Expenditure

In the review period, the County reported spending Kshs.781.42 million on development programmes, representing a decrease of 8 per cent compared to FY 2024/25, when the County spent Kshs.851.08 million. Table 3.630 summarises the development projects with the highest expenditure in the reporting period.

Table 3.630: Trans Nzoia County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	PSM	Proposed Construction of Trans Nzoia Headquarters	Trans Nzoia Headquarters	10/07/23	09/07/26	498,835,545	75,327,479	59,359,621	459,420,044	92%
2	Gender-Sports Promotion	Proposed Construction & Rehabilitation of Kenyatta Stadium Phase 1A	Tuwan Ward	01/02/23	30/04/25	657,305,894	231,000,000	-	419,612,167	64%
3	Trade, Commerce	Construction of CAIPS	Kabomboi Ward	01/09/23	01/03/25	500,000,000	132,546,345	-	155,586,079	31%
4	PSM	Supply and Installation of electricity to Trans Nzoia Headquarters	Trans Nzoia Headquarters	01/07/25	30/06/26	5,448,655	5,448,655	5,448,655	5,448,655	100%
5	Roads	Routine road maintenance of Township Muliro Road	Township Muliro Road	01/07/25	30/06/26	3,999,200	3,999,200	3,999,200	3,999,200	100%
6	Roads	Routine road maintenance of Cherubai ECD Chepchoina Road	Cherubai ECD Chepchoina Road	01/07/25	30/06/26	3,998,770	3,998,770	3,998,770	3,998,770	100%

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
7	Roads	Routine road maintenance of Mama Gethi Lane road	Mama Gethi Lane Road	01/07/25	30/06/26	3,997,230	3,997,230	3,997,230	3,997,230	100%
8	Roads	Routine road maintenance of the stadium veterinary road	Stadium Veterinary Road	01/07/25	30/06/26	3,996,400	3,996,400	3,996,400	3,996,400	100%
9	Roads	Routine road maintenance of the Umoja Link Road	umoja link road	01/07/25	30/06/26	3,993,750	3,993,750	3,993,750	3,993,750	100%
10	Roads	Routine road maintenance of Kiminini	kiminini wa Ilarion road	01/07/25	30/06/26	3,993,557	3,993,557	3,993,557	3,993,557	100%

Source: *Trans Nzoia County Treasury*

The County reported one stalled development project as of 31st December 2025, with an estimated value of Kshs.874 million, of which Kshs.794.52 million has already been paid. The stalled projects are shown in Table 3.631

Table 3.631: Trans Nzoia County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Trade, Commerce	Completion of Kitale Business Centre	Matisi Ward	10/06/19	30/09/23	874,000,000	794,520,064	300,000,000	300,000,000	97%

Source: Trans Nzoia County Treasury

3.42.16 Budget Performance by Department

Table 3.632 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.632: Trans Nzoia County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Irrigation	255.98	396.25	89.63	11.21	89.63	11.21	100	100.	35	2.8
Livestock and Cooperative	5.23	143.08	3.35	54.17	3.35	54.17	100	100	64	37.9
Trade and Industrialization	57.21	158.55	26.08	-	26.08	-	100	-	45.6	-
Water and Environment	61.88	361.85	34.72	48.52	34.72	48.52	100	100	56.1	13.4
Public Works and Energy	120.56	31.50	42.93	4.17	42.93	4.17	100	100	35.6	13.2
Roads and infrastructure	73.66	603.42	52.60	205.33	52.60	205.33	100	100	71.4	34.0
Health and Sanitation	2,512.94	164.50	1,241.65	13.79	1,241.65	13.79	100	100	49.4	8.4
Lands and Housing	56.69	27.48	21.13	-	21.13	-	100	-	37.3	-

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Municipal Board	29.26	97.70	13.95	-	13.95	-	100	-	47.7	-
Gender and Youth	75.54	371.63	37.62	189.24	37.62	189.24	100	100	49.8	50.9
Governance	161.06	-	140.65	-	140.65	-	100	-	87.3	-
Public Service Management	602.75	565.83	136.96	64.81	136.96	64.81	100	100	22.7	11.5
County Public Service Board	97.44	-	27.91	-	27.91	-	100	-	28.6	-
Education and ICT	608	130.16	240.30	52.29	240.30	52.29	100	100	39.5	40.2
Finance	796.65	612.36	273.38	137.88	273.38	137.88	100	100	34.3	22.5
Economic Planning	24.03	2.73	7.70	-	7.70	-	100	-	32	-
County Attorney	46.97	-	10.90	-	10.90	-	100	-	23.2	-
County Assembly	664.76	-	276.98	-	327.38	-	118.2	-	49.2	-
Total	6,250.62	3,667.04	2,678.44	781.42	2,728.84	781.42	101.9	100.0	43.7	21.3

***Source**: Trans Nzoia County Treasury*

Analysis of expenditure by departments shows that the Department of Gender and Youth recorded the highest absorption rate of development budget at 51 per cent, followed by the Department of Education and ICT at 40 per cent. The Department of Governance had the highest recurrent expenditure-to-budget ratio at 87 per cent, while the Department of County Attorney had the lowest at 23 per cent.

3.42.17 Budget Execution by Programmes and Sub-Programmes

Table 3.633 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.633: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Approved Budget FY 2025/26		Actual Half-Year Expenditure FY 2025/26		Absorption %	Absorption %
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Governance		**161,062,720**	-	**140,645,069**	-	**87.3**	-
Administrative and Support Services		**161,062,720**	-	**140,645,069**	-	**87.3**	-
	Administrative And Support Services	161,062,720	-	140,645,069	-	87.3	-
Roads and Infrastructure		**73,664,000**	**603,422,785**	**52,603,520**	**205,328,944**	**71.4**	**34.0**
Administrative And Support Services		**73,664,000**	**603,422,785**	**52,603,520**	**205,328,944**	**71.4**	-
	Administrative And Support Services	73,664,000	603,422,785	52,603,520	205,328,944	71.4	34.0
Water, Environment and Natural Resources	-	**61,875,262**	**361,851,915**	**34,724,622**	**48,516,724**	**56.1**	**13.4**
Administrative And Support Services	-	**61,875,262**	-	**34,724,622**	-	**56.1**	-
	Administrative And Support Services	61,875,262	-	34,724,622	-	56.1	-
Gender, Sports, Culture and Tourism	-	**75,536,308**	**371,625,445**	**37,618,149**	**189,241,819**	**49.8**	**50.9**

Programme	Sub-Programme	Approved Budget FY 2025/26		Actual Half-Year Expenditure FY 2025/26		Absorption %	Absorption %
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture development and promotion	-	-	**371,625,445**	-	**189,241,819**	-	**50.9**
	Culture development	-	371,625,445	-	189,241,819	-	50.9
Administrative And Support Services		**75,536,308**	-	**37,618,149**	-	**49.8**	
	Administrative And Support Services	75,536,308	-	37,618,149	-	49.8	-
County Assembly		**664,759,422**	-	**327,379,714**	-	**49.2**	-
Administrative And Support Services		**664,759,422**	-	**327,379,714**	-	**49.2**	-
	Administrative And Support Services	664,759,422	-	327,379,714	-	49.2	-
Health Corporate		**2,512,942,824**	**164,502,604**	**1,241,652,465**	**13,793,962**	**49.4**	**8.4**
Administrative and Support Services		**2,512,942,824**	**164,502,604**	**1,241,652,465**	**13,793,962**	**49.4**	**8.4**
	Administrative And Support Services	2,512,942,824	-	1,241,652,465	-	49.4	-
Municipality Board of Kitale	-	**29,260,192**	**97,699,161**	**13,945,847**	-	**47.7**	-
Administrative And Support Services	-	**29,260,192**	**97,699,161**	**13,945,847**	-	**47.7**	-
	Administrative And Support Services	29,260,192	97,699,161	13,945,847	-	47.7	-
Trade, Commerce and Industry	-	**57,210,568**	**158,546,345**	**26,084,123**	-	**45.6**	-
Administrative And Support Services	-	**57,210,568**	-	**26,084,123**	-	**45.6**	-
	Administrative And Support Services	57,210,568	-	26,084,123	-	45.6	-
Education and ICT		**608,002,796**	**130,156,226**	**240,302,557**	**52,291,525**	**39.5**	**40.2**
Vocational Training Development		-	**130,156,226**	-	**52,291,525**	-	**40.2**
	Vocational Training Development	-	130,156,226	-	52,291,525	-	40.2
	Grand Total	**4,244,314,092**	**1,887,804,481**	**2,114,956,067**	**509,172,974**	**50%**	**27%**

Source: *Trans Nzoia County Treasury*

The development sub-programmes with the highest budget implementation rates included Culture development in the Department of Gender, Sports, Culture and Tourism at 51 per cent, Vocational Training Development in the Department of Education and ICT at 40 per cent, and Administrative and Support Services at 34 per cent. For recurrent sub-programmes, the top performers were Administrative and Support Services in the Department of Governance at 87 per cent, Administrative and Support Services in the Department of Roads and Infrastructure at 71 per cent, Administrative and Support Services in the Department of Water, Environment and Natural Resources at 56 per cent, and Administrative and Support Services at 50 per cent. Their higher performances are attributed to...

Table 3.634 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.634: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Approved Budget FY 2025/26		Actual Half-Year Expenditure FY 2025/26		Absorption %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock		-	**396,250,000**	-	**11,210,325**	-	**2.8**
Crop Development		-	**396,250,000**	-	**11,210,325**	-	**2.8**
	Crop Diversification	-	396,250,000	-	11,210,325	-	2.8
Health Corporate		-	**164,502,604**	-	**13,793,962**	-	**8.4**
Administrative and Support Services		-	**164,502,604**	-	**13,793,962**	-	**8.4**
	Preventive Health Services	-	164,502,604	-	13,793,962	-	8.4
Public Service Management		**602,749,118**	**565,826,003**	**136,958,587**	**64,808,276**	**22.7**	**11.5**
Infrastructure Development		-	**565,826,003**	-	**64,808,276**	-	**11.5**
	Supervision and Management of Projects	-	565,826,003	-	64,808,276	-	11.5
Administrative And Support Services		**602,749,118**	-	**136,958,587**	-	**22.7**	-
	Administrative And Support Services	602,749,118		136,958,587		22.7	-
County Attorney		**46,970,000**	-	**10,903,032**	-	**23.2**	-
Administrative And Support Services		**46,970,000**	-	**10,903,032**	-	**23.2**	-
	Administrative And Support Services	46,970,000	-	10,903,032	-	23.2	-
County Public Service Board		**97,443,487**	-	**27,909,000**	-	**28.6**	-
Administrative And Support Services		**97,443,487**	-	**27,909,000**	-	**28.6**	-
	Administrative And Support Services	97,443,487		27,909,000		28.6	-
Economic Planning		**24,034,962**	**2,733,421**	**7,702,500**	-	**32.0**	-
County Research and Development Planning		-	**2,733,421**	-	-		-
	County Development Planning Services	-	2,733,421	-	-	-	-
Administrative And Support Services		**24,034,962**	-	**7,702,500**	-	**32.0**	-
	Administrative And Support Services	24,034,962	-	7,702,500	-	32.0	-
Finance		**796,650,918**	-	**273,378,073**	-	**34.3**	-
Administrative and Support Services		**796,650,918**	-	**273,378,073**	-	**34.3**	-
	Administrative And Support Services	796,650,918	-	273,378,073	-	34.3	-
Municipality Board of Kitale		**29,260,192**	**97,699,161**	**13,945,847**	-	**47.7**	-
Administrative And Support Services		**29,260,192**	**97,699,161**	**13,945,847**	-	**47.7**	-
	Administrative And Support Services	29,260,192	97,699,161	13,945,847	-	47.7	-
	Grand Total	**1,597,108,677**	**1,227,011,189**	**470,797,038**	**89,812,563**	**29%**	**7%**

Source: *Trans Nzoia County Treasury*

The development sub-programmes with the lowest budget implementation rates included County Development Planning Services in the Department of Economic Planning at 0 per cent, Administrative and Support Services in the Department of Municipality Board of Kitale at 0 per cent, and Crop Diversification at 2.8 per cent. For recurrent sub-programmes, poor performers were Administrative and Support Services in the Department of Public Service Management at 27 per cent, Administrative and Support Services in the Department of County Attorney at 23 per cent, Administrative and Support Services in the Department

of County Public Service Board at 29 per cent, and Administrative and Support Services at 32 per cent. These lower performances are attributed to...

3.42.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 135 accounts in commercial banks, including 83 accounts for Health Facilities, 32 accounts for Vocational Training Centres, 7 accounts for Established Funds, 3 revenue accounts, 6 special-purpose accounts (additional allocations)

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.42.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Trans Nzoia County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 30/01/2026.
ii. The underperformance of own-source revenue at Kshs.241.90 million against an annual target of Kshs.600 million, representing 40 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.781.42 million on development activities, achieving a 21 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the Elimu Bursary Fund and the Nawiri Fund had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all Funds were not submitted to the CoB as of 15 January 2026.
vi. High level of trade payables, which amounted to Kshs.1.96 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.43. County Government of Turkana

3.43.1 Overview of FY 2025/26 Budget

The Turkana County Approved Supplementary Budget for FY 2025/26 is Kshs.19.91 billion. It comprises Kshs.7.60 billion (38 per cent) and Kshs.12.30 billion (62 per cent) for development and 7.50 billion (38 per cent) for recurrent programmes, respectively. The budget estimates represent an increase of Kshs.2.69 billion (16 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.6.64 billion and a recurrent budget of Kshs.10.57 billion.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.13.89 billion (74 per cent), and additional allocations of Kshs.3.35 billion (18 per cent), a cash balance of Kshs.1.26 billion (7 per cent) brought forward from FY 2024/25, and Kshs.346.50 million (2 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.635 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.7.11 billion. This amount represented an increase of 4.3 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.6.82 billion. The total revenue consisted of Kshs.5.77 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.91.46 million. Additionally, the County had a cash balance of Kshs.1.26 billion from FY 2024/25. The total OSR collection of Kshs.91.46 million included Facilities Improvement Financing (FIF) of Kshs.36.88 million, and Kshs.54.58 million from other ordinary sources. Table 3.635 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.635: Turkana County, Revenue Performance in the First Half of FY 2025/26

Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
	A	B	C	D=B+C	E=A-D
Unspent Balance from FY 2024/25				**0**	**0**
Balance at CRF	1,254,828,087	1,254,828,087		1,254,828,087	-
County Executive Refunds to CRF	169,816	169,817		169,817	1
County Assembly Refunds to CRF	57,687	57,688		57,688	1
Sub-Total	**1,255,055,590**	**1,255,055,592**	-	**1,255,055,592**	- **2**
Equitable Share of Revenue Raised Nationally					
Equitable Share	13,892,577,371	5,765,419,605		5,765,419,605	8,127,157,766
Sub-Total	**13,892,577,371**	**5,765,419,605**	-	**5,765,419,605**	**8,127,157,766**
Additional Allocations (Including Grants)					
Financing Locally Lead Climate Action (FLLoCA)	350,000,000			-	350,000,000
K-WASH	200,000,000			-	200,000,000
Drought Resilience Programme in Northern Kenya(DRPNK)	696,652,000			-	696,652,000
Food System Resilience Programme (FSRP)	251,153,846			-	251,153,846
Agricultural Sector Development Support Programme(ASDSP/ KADP)	11,000,000			-	11,000,000
ELRP(Emergency Locust Response Project	142,500,000			-	142,500,000
Kenya Urban Support Programme (KUSP) II UIG	28,400,000			-	28,400,000
Window for Host & Refugees(WHR) UIG	70,000,000			-	70,000,000
Kenya Urban Support Programme (KUSP) II UDG- Lodwar	174,734,820			-	174,734,820
Window for Host & Refugees (WHR) UDG- Kakuma	716,242,240			-	716,242,240

Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
	A	B	C	D=B+C	E=A-D
DANIDA (Primary Health Care for facilities Level 2 & 3)	43,206,750			-	43,206,750
DANIDA (Level 1)	15,984,000			-	15,984,000
KDSP II LEVEL I	37,500,000			-	37,500,000
KDSP II LEVEL II	352,500,000			-	352,500,000
Kenya Urban Support Programme (KUSP) II UDGLodwar FY 2024/25 Balance	62,725,320			-	62,725,320
KDSP 11 LEVEL 1 FY. 2024/25 Balance	37,500,000			-	37,500,000
RMLF 2024/25 Balance	163,815,927			-	163,815,927
Sub-Total	**3,353,914,903**	-	-	-	**3,353,914,903**
Ordinary Own Source Revenue (OSR)					
SINGLE BUSINESS PERMIT(Application fee,renewal,penalties/interest,Arrears)	80,000,000	4,472,762		4,472,762	75,527,238
ROYALTY-CESS(Murram, hardcore sand, ballast, Exploitation)	20,000,000	14,288,232		14,288,232	5,711,768
CESS(Agricultural,Transport ,Hide & skin, charcoal cess, firewood, miraa cess,scrap metal,Fish)	85,000,000	12,589,955		12,589,955	72,410,045
MARKET FEE(Barter, entry fee/ offloading,hawking,)	25,000,000	1,015,500		1,015,500	23,984,500
SLAUGHTER/AUCTION FEE(Small and Big animals)	25,000,000	4,963,924		4,963,924	20,036,076
ADVERTISEMENT(Branding,Billboard,Sign post, sign boards,roadshows,banners,posters,tent,street pole/clock advertising,Neon,others)	25,000,000	137,400		137,400	24,862,600
PARKING FEE (Street parking, Monthly stickers, motorbike fees, registration fees, reserved parking, bus park fees and others)	10,000,000	586,280		586,280	9,413,720
TRANSPORT OPERATION FEE -Entry/Exit (Taxi, Bodaboda, Matatu, Canter, Lorry, and buses)	10,000,000	60,500		60,500	9,939,500
LIQUOR LICENCES(Liquor License and Application Fee)	14,000,000	76,950		76,950	13,923,050
LAND SURVEY/APPLICATION/ BUILDING APPROVAL(Land penalties and interest/arrears)	180,000,000	1,745,744		1,745,744	178,254,256
PROPERTY RENT/KIOSKS/ STALLS(County Housing,Plot Rent,Tenants Agreement,Transfer of property)	5,000,000	134,800		134,800	4,865,200
PUBLIC HEALTH SERVICES(Inspection of building/institutions,hygiene licence,vaccination,medical examination,sanitation inspection for schools,permits,fumigation)	15,000,000	14,430,883		14,430,883	569,117
ADMINISTRATION CONTROL FEES AND CHARGES(Fire Services, Betting Levy, others)	8,000,000	80,000		80,000	7,920,000
OTHER FEES, PENALTIES, AND FORFEITURES-Impounding fees, Towing Fees and Others		2,381,706			

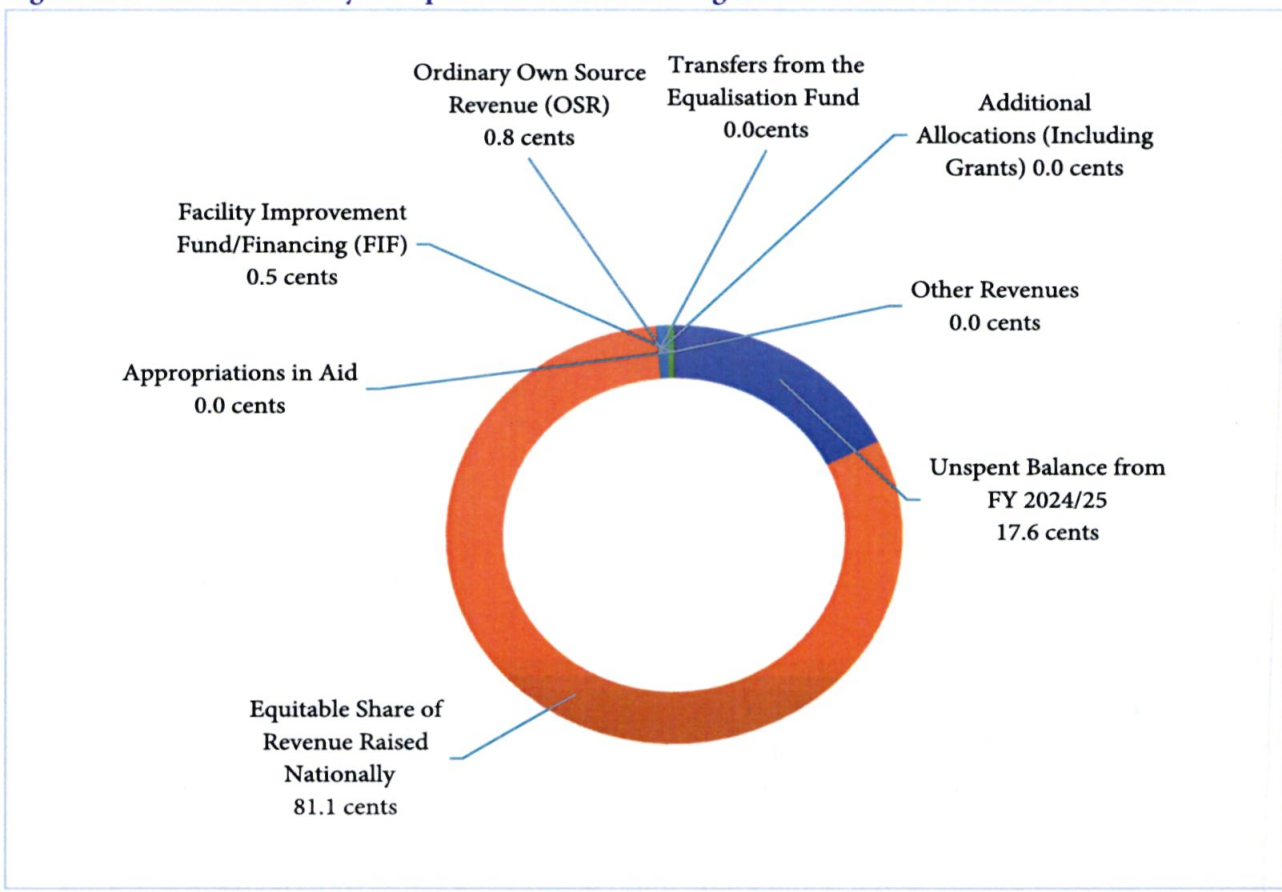
Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
	A	B	C	D=B+C	E=A-D
CONSERVANCY ADMINISTRATION-Refuse disposal, Dumpsite, Sewerage, Sale of seedlings, public cemetery, disposal of carcases, noise control, others	20,000,000	238,780			
CORPORATES	25,000,000	890,587			
HIRE OF COUNTY ASSETS-Agricultural Mechanisms Services, Hire of Machines and Equipment, Hire of County Hall, Stadium, Conference Facilities, Agricultural Training Centre, Hire of County Tents/Chairs	25,000,000	1,766,768			
PHYSICAL PLANNING AND DEVELOPMENT(Sale of county planning documents, change of user, building plans approval, signposts, occupational permits, enforcement/ demolition, architectural designs by county officers, hoarding fees)	10,000,000	-			
SINGLE BUSINESS PERMIT - Refugees	10,000,000				
WEIGHTS AND MEASURES	8,000,000	40,300			
WEIGHTS AND MEASURES	3,000,000	40,300			
Sub-Total	**600,000,000**	**54,582,930**	-	**54,582,930**	**447,417,070**
Facility Improvement Fund/Financing (FIF)					
LCRH	350,000,000	16,675,847		16,675,847	333,324,153
Dispensaries	150,000,000			-	150,000,000
Other Subcounty Hospitals	100,000,000	20,205,494		20,205,494	79,794,506
Sub-Total	**600,000,000**	**36,881,341**	-	**36,881,341**	**563,118,659**
Grand Total	19,701,547,864	7,111,939,469	-	7,111,939,469	12,491,608,396

Source: *Turkana County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 253 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 253: Turkana County Composition of Each Shilling Earned in the First Half of FY 2025/26

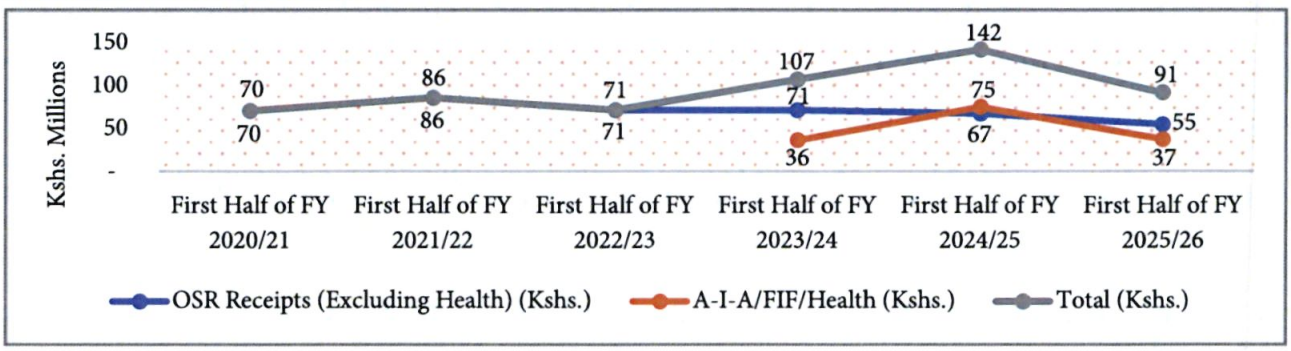


Source: *Turkana County Treasury*

The equitable share of revenue raised nationally, Unspent balances from FY2024/25 and OSR contributed 81 per cent, 18 per cent and 0.8 per cent, respectively, of the total receipts for the reporting period.

Figure 254 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 254: Turkana County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

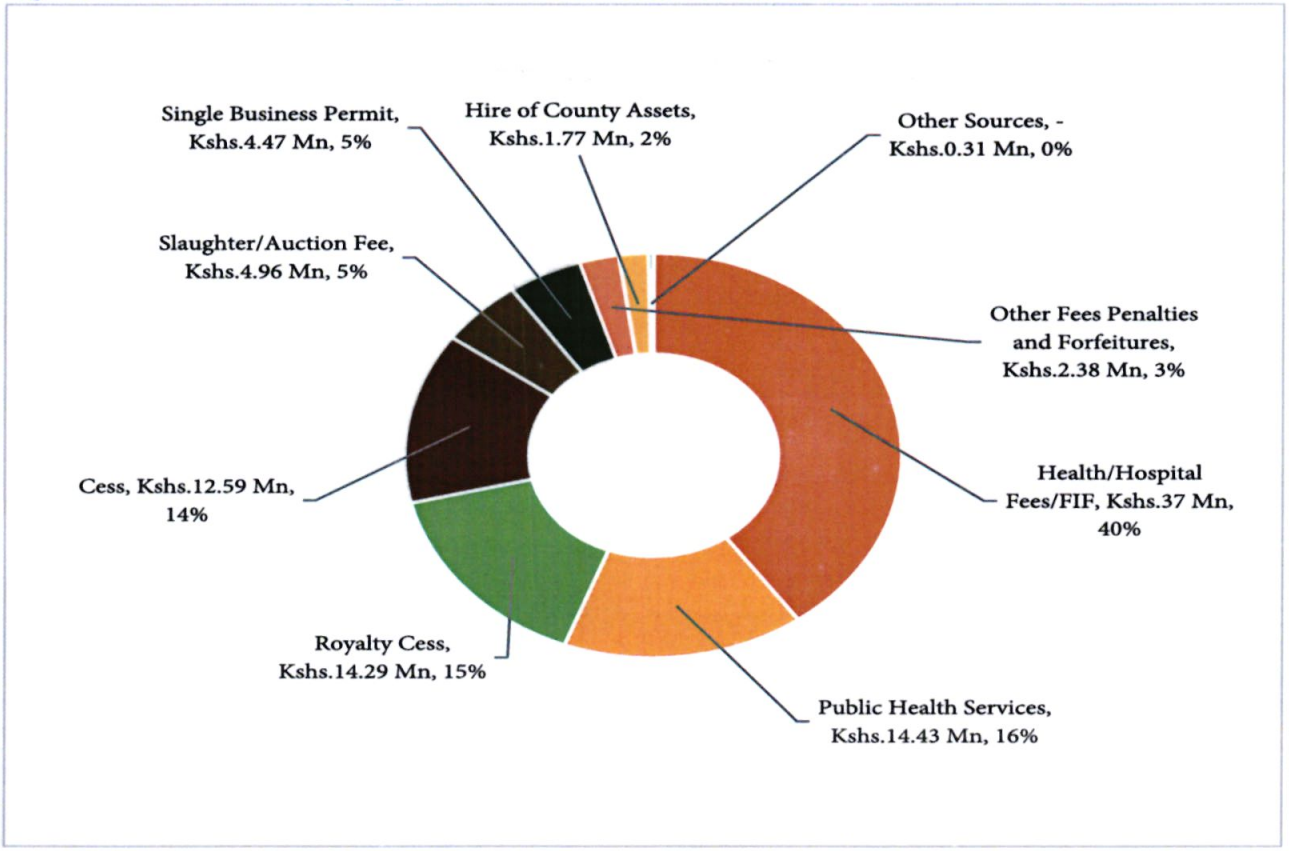


Source: *Turkana County Treasury*

During the first half of FY 2025/26, the County received Kshs.91.46 million from OSR, including FIF. This amount was a decrease of 55 per cent compared to Kshs.141.80 million realised in a similar period in FY 2024/25, and was 8 per cent of the annual target and 2 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 255

Figure 255: Turkana County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Turkana County Treasury

As shown in Figure 255, the highest revenue stream, at Kshs.36.88 million, was from Health/Hospital fee/FIF, accounting for 40 per cent of the total OSR receipts. The County Government indicated that it has automated 20 of 22 revenue streams.

3.43.2 Revenue Arrears/ Receivables

As of 1st July 2025, the County had not submitted a report on revenue arrears.

3.43.3 Borrowing by the County

Turkana County Executive and Assembly have reported that they do not have a credit facility with any bank(s).

3.43.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.85 billion from the Turkana County Revenue Fund (CRF) account. This amount consisted of Kshs.914.31 million (16 per cent) designated for development programs and Kshs.4.94 billion (84 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.03 billion was allocated to employee compensation and Kshs.1.91 billion to operations and maintenance expenditures. Within the operations and maintenance category, 4.2 per cent was for domestic travel and 0.1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.81.17 million, including Kshs.59.16 million for the County Executive and Kshs.22.01 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.1.86 million, only for the County Executive.

As of December 31, 2025, the County Government's cash balance in the CRF account was Kshs.3.34 billion.

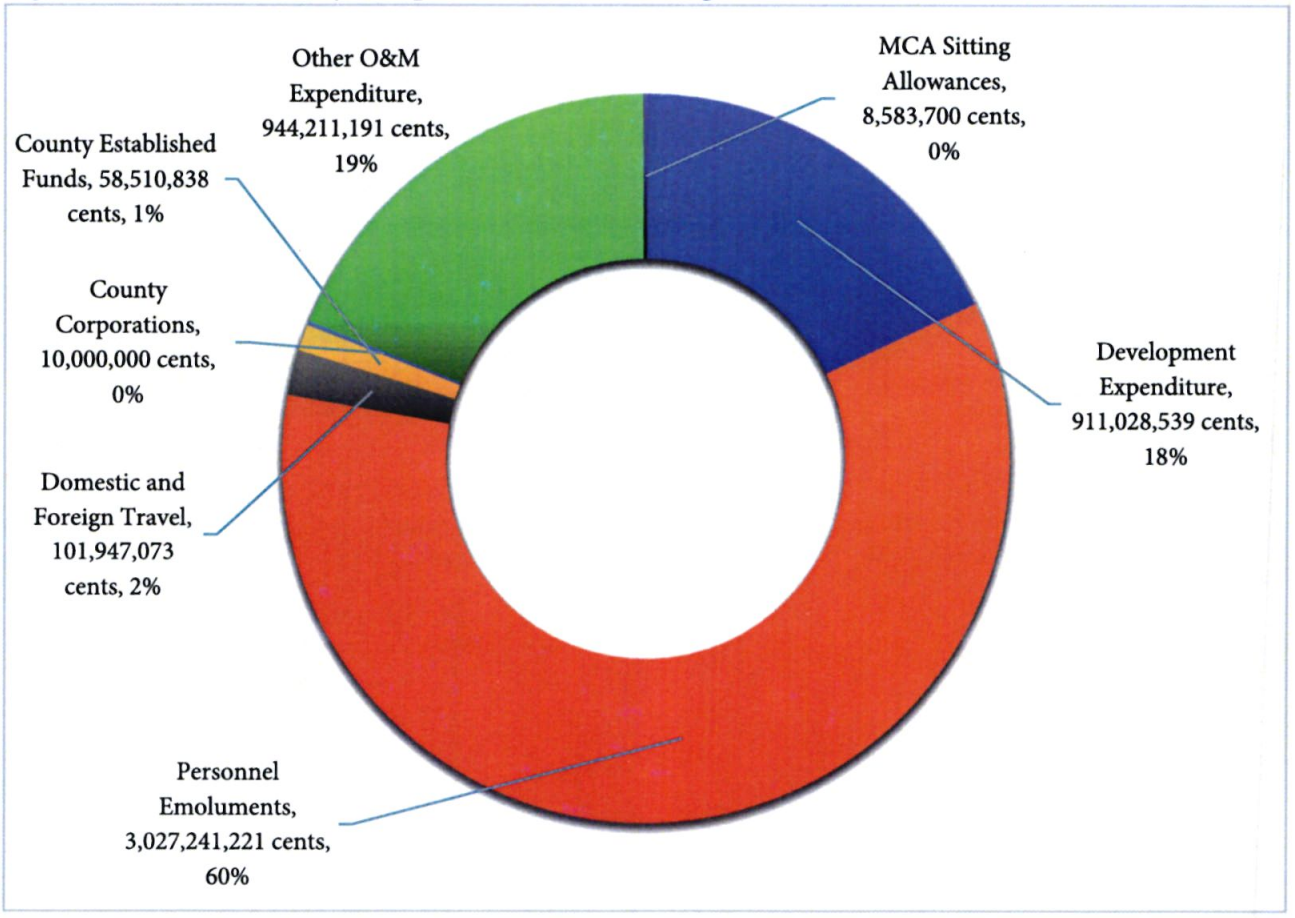
3.43.5 Expenditure Review

The County spent Kshs.5.06 billion on development and recurrent programmes in the reporting period. The expenditure represented 86 per cent of the total funds released by the CoB. It comprised Kshs.911.03 million for development programmes and Kshs.4.15 billion for recurrent programmes. Expenditure on development programmes accounted for 12 per cent of the annual

development expenditure budget, while recurrent expenditure accounted for 34 per cent of the annual recurrent expenditure budget.

Figure 256 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 256: Tukana County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Turkana *County Treasury*

As shown in Figure 256, the three highest expenditure categories were personnel Emoluments, other O&M Expenditure, and Development Expenditure, which contributed 60, 19, and 18 per cent of total expenditure for the reporting period, respectively.

3.43.6 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.53 billion. This amount consisted of Kshs.2.40 billion from the County Executive and Kshs.135.57 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.1.06 billion for recurrent expenditure and Kshs.1.34 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.220.08 million, comprising Kshs.108.70 million (49 per cent) for recurrent programmes and Kshs.111.38 million (51per cent) for development programmes. On the other hand, the County Assembly did not submit a report on the settlement of trade payables. The outstanding trade payables as of 31st December 2025 were Kshs.2.18 billion for the County Executive and Kshs.135.57 million for the County Assembly. Table 3.637 provides additional details of trade payables.

Table 3.636: Turkana County Trade Payables as of 31st December 2025

Period	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,338,548,906	1,057,468,914	2,396,017,820
	County Assembly	121,460,148	14,114,320	135,574,468
	Total	**1,460,009,054**	**1,071,583,234**	**2,531,592,288**

Period	County Entity	Development	Recurrent	Total
Amount paid in FY 2025/26	County Executive	111,381,887	108,700,075	220,081,962
	County Assembly	-		-
	Total	**111,381,887**	**108,700,075**	**220,081,962**
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	1,227,167,019	948,768,839	2,175,935,858
	County Assembly	121,460,148	14,114,320	135,574,468
	Total	**1,348,627,167**	**962,883,159**	**2,311,510,326**

Source: Turkana *County Treasury*

The County Assembly submitted a trade payables payment plan, committing to pay Kshs.14.11 million on recurrent expenditure in quarter one of FY 2025/26. The County Executive did submit an updated payment plan after passing its Supplementary Budget, though it projected to pay Kshs.240 million by the endof 31st December 2025. The County did not adhere to this payment plan, as it cleared Kshs.220.08 million by the Executive.

Table 3.637 and Table 3.638 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which amounted to Kshs.2.53 billion.

Table 3.637: Turkana County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**709,800,282**	**172,831,465**	**94,257,554**	**277,152,111**	**1,348,627,167**
Recurrent Trade Payables (Goods & Services)	888,696,277	36,146,991	80,921,129	51,704,517	**962,883,159**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	888,696,277	36,146,991	80,921,129	51,704,517	**962,883,159**
Total Trade Payables	**1,598,496,559**	**208,978,456**	**175,178,683**	**328,856,628**	**2,311,510,326**
% of Total	70%	9%	7%	14%	100%

Source: *Turkana County Treasury*

Table 3.638: Turkana County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	121,460,148	-	-	121,460,148
Recurrent Trade Payables (Goods & Services)	-	14,114,320	-	-	14,114,320
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	14,114,320	-	-	14,114,320

Source: Turkana *County Treasury*

3.43.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.73 billion on compensation of employees, Kshs.873.34 million on operations and maintenance, and Kshs.911.03 million on development activities. Similarly, the County Assembly spent Kshs.297.70 million on compensation of employees and Kshs.249.91 million on operations and maintenance as shown in Table 3.639

Table 3.639: Turkana County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
County Executive							
Recurrent	**11,420,016,335**	**4,542,798,424**	**3,602,891,732**	-	**3,602,891,732**	-	**32**
Compensation to Employees	5,410,968,612	2,729,551,245	2,729,551,245	-	2,729,551,245	-	50
Operations & Maintenance	6,009,047,723	1,813,247,179	873,340,487	-	873,340,487	-	15
Development	**7,532,426,470**	**1,039,778,231**	**911,028,539**	-	**911,028,539**	-	**12**
Executive Sub-total	**18,952,442,805**	**5,582,576,655**	**4,513,920,271**	-	**4,513,920,271**	-	**24**
County Assembly							
Recurrent	**883,842,882**	**395,574,798**	**324,852,579**	**222,749,711**	**547,602,290**	**56.31**	**62**
Compensation to Employees	419,455,731	299,924,498	247,721,572	49,968,404	297,689,976	**16.66**	71
Operations & Maintenance	464,387,151	95,650,300	77,131,007	172,781,307	249,912,315	**180.64**	54
Development	**70,000,000**	-	-	-	-	-	-
Assembly Sub-total	**953,842,882**	**395,574,798**	**324,852,579**	**222,749,711**	**547,602,290**	**56.31**	**57**
Combined County Totals							
Total Recurrent	**12,303,859,217**	**4,938,373,222**	**3,927,744,311**	**222,749,711**	**4,150,494,022**	**4.51**	**34**
Compensation to Employees	5,830,424,343	3,029,475,743	2,977,272,817	49,968,404	3,027,241,221	**1.65**	52
Operations & Maintenance	6,473,434,874	1,908,897,479	950,471,494	172,781,307	1,123,252,802	**9.05**	17
Total Development	**7,602,426,470**	**1,039,778,231**	**911,028,539**	-	**911,028,539**	-	**12**
Grand Total	**19,906,285,687**	**5,978,151,453**	**4,838,772,850**	**222,749,711**	**5,061,522,561**	**3.73**	**25**

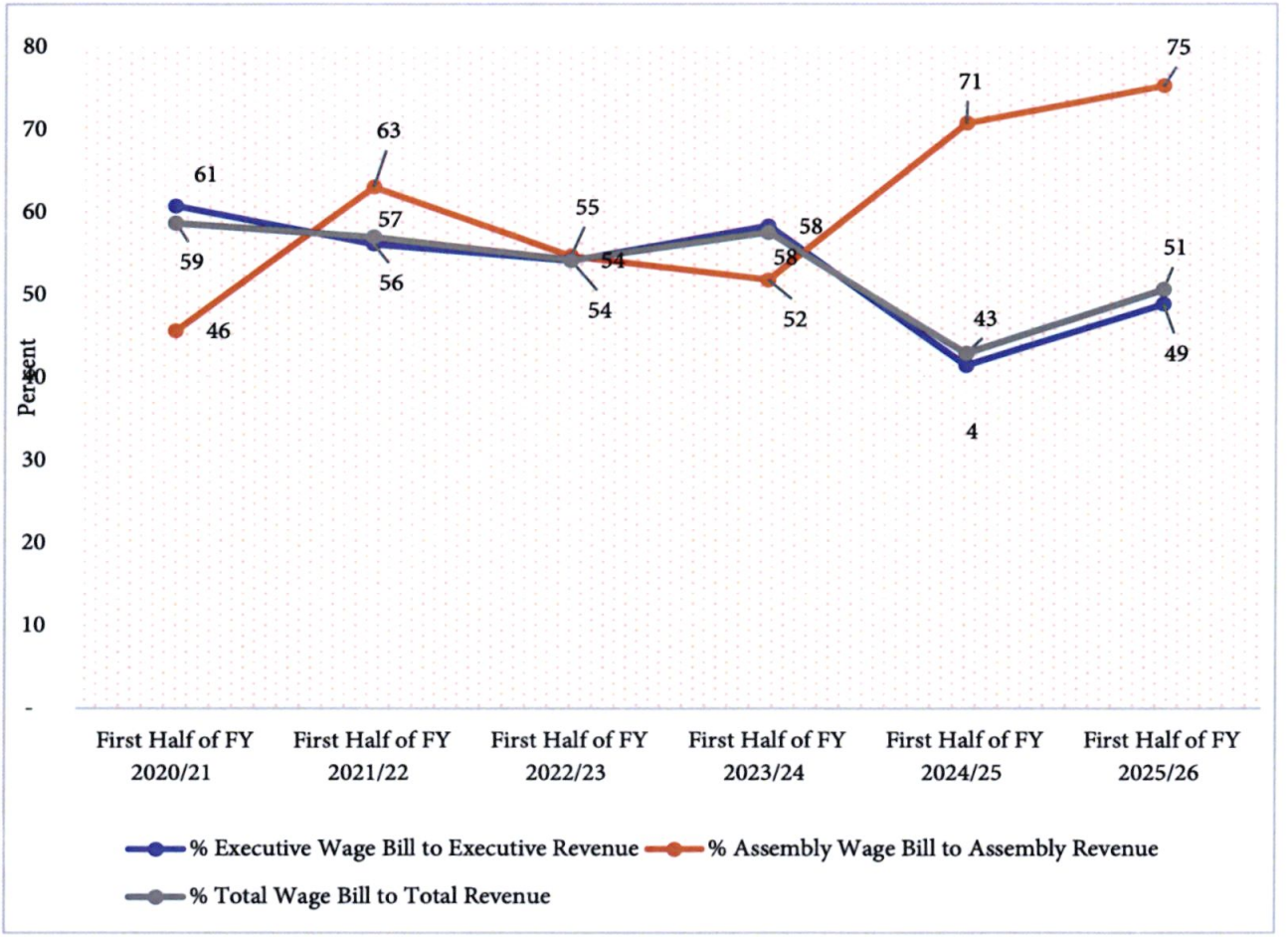
***Source**: Turkana County Treasury*

3.43.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.03 billion. The percentage of compensation of employees to revenue was 43 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.92 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.54 billion related to Health Sector employees, accounting for 51 per cent of the overall employees' compensation.

Figure 257 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 257: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Turkana County Treasury

Further analysis indicated that PE costs amounting to Kshs.2.97 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.53.42 million was processed through manual payrolls, which accounted for 2 per cent of the total PE cost.

The manual payroll comprised gratuity remittances to pension schemes for staff on contract, as shown inTable 3.640

Table 3.640: Breakdown of Turkana County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Gratuity for contract staff	53,418,990
	Total	53,418,990

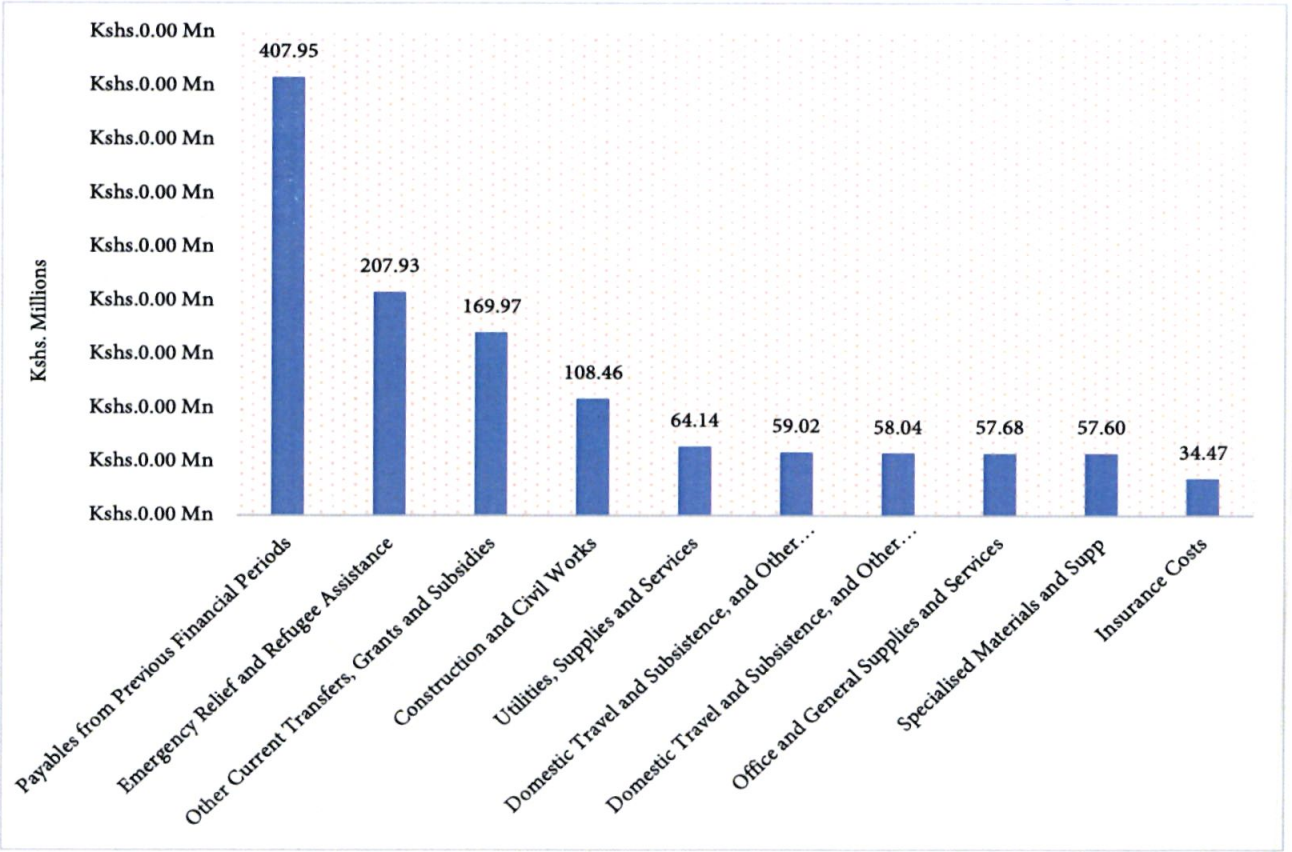
Source: Turkana County Treasury

The County Assembly spent Kshs.8.58 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.60.37 million. The average monthly sitting allowance was Kshs.29,805 MCA. The County Assembly has 21 House Committees.

3.43.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.12 billion on operations and maintenance, representing a decrease of 34 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.70 billion. Figure 258 summarises the Operations and Maintenance expenditure by major categories.

Figure 258: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: Turkana *County Treasury*

3.43.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.7.5 million on "*other operating expenses*," which is 0.7 per cent of the total operations and maintenance expenditure of Kshs.1.12 billion. This category of expenditure was solely on garbage collection in lodwar municipality. The disaggregated item under the "*Other Operating Expenses*" category are shown in Table 3.641

Table 3.641: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211300	Other Operating Expenses	10,000,000	7,498,500
	Total	**10,000,000**	**7,498,500**

Source: Turkana *County Treasury*

3.43.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.1.21 billion to County-Established funds in FY 2025/26, or 6 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (0.5 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.642 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.642: Performance of Turkana County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Turkana County Biashsara Fund	2014	20,000,000	-	-	360,325,320	NO

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
2	Turkana County Education Fund	2014	430,000,000	-	-	3,499,245,499	NO
3	Climate Change Fund	2021	470,000,000	-	-	558,421,971	NO
4	Youth And Women Fund	2014	70,000,000	35,000,000	-	425,000,000	NO
5	Turkana County Cooperative Enterprise Fund	2014	-	-	-	96,251,070	NO
6	Turkana County Car Loan And Mortgage Fund	2016	-	-	-	200,822,217	NO
7	Turkana County Covid Fund	2020	-	-	-	606,674,113	NO
8	Turkana County Emergency Fund	2016	100,000,000	100,000,000	-	1,292,388,667	NO
9	Water Services Fund	2022	5,000,000	-	-	127,492,682	NO
10	Community Health Services Fund	2025	117,027,000	58,513,500	58,510,838	61,245,912	NO
	County Assembly Established Funds						
11	Turkana County Assembly Car Loan and Mortgage (Members) Scheme Fund	2014	-	-	-	369,120,445	No
12	Turkana County Executive State and Public Officers Mortgage Scheme Fund	2016	-	-	-	252,147,682	No
	Total		1,212,027,000	193,513,500	58,510,838	7,849,135,578	

Source: Turkana *County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all Fund Administrators, as indicated in Table 3.643, contrary to the requirement of Section 168 of the PFM Act, 2012. Due to these, we could not ascertain whether the administration costs of the Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the lifespans of five funds had expired. However, the county had passed new legislation to operationalise them.

3.43.12 County Corporations

The County has two County Corporations that did not receive allocations in FY 2025/26. They did not incur expenditure for the review period, as shown in Table 3.643

Table 3.643: Performance of Turkana County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Turkana County Rural Water Services				5,000,000
2	Turkana Urban Water and Sanitation Company Limited				5,000,000
	Total				10,000,000

Source: Turkana *County Treasury*

3.43.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.125.19 million and comprised Kshs.23.25 million spent by the County Assembly and Kshs.101.95 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.86 million, which was entirely spent by the County Executive. Expenditure on foreign travel is summarised in Table 3.644

Table 3.644: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
Executive	6	24-27Th November, 2025	3Rd Africa Association of Accountants Conference	Accra-Ghana	1,856,820		1,856,820
Total					1,856,820		1,856,820

Source: Turkana County Treasury and Turkana County Assembly

3.43.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.36.88 million as FIF, which was 6 per cent of the annual target of Kshs.600 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has enacted regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.22.12 million, as shown in Table 3.645

Table 3.645: Turkana County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	11	94,390,400	8,720,285	9
2.	Level 3 Facility	27	22,703,137	8,224,056	36
3.	Level 2 Facility	145	11,226,700	5,177,700	46
	Total	183	128,320,237	22,122,041	92

Source: ***Turkana*** *County Treasury*

3.43.15 Development Expenditure

In the review period, the County reported spending Kshs.911.03 million on development programmes, representing a decrease of 54 per cent compared to FY 2024/25, when the County spent Kshs.2 billion. Table 3.646 summarises the development projects with the highest expenditure in the reporting period.

Table 3.646: Turkana County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.)	Total Funding in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects									
1	Administration and Disaster Management	Construction Of Inspectorate Administration	Lapur	-	-	9,373,960	9,500,000	5,624,376	100
2	Administration and Disaster Management	Proposed Construction Of Six(6) Units Staff Houses At Lokitaung Inspectorate Training Institute	Lapur Ward - Lokitaung	-	-	6,899,288	7,000,000	4,001,587	100
3	Agriculture and Land Reclamation	Construction Of Model Drip Irrigation Nakwapua	Lokiriama Ward	-	-	9,601,714	9,601,714	2,875,178	100
4	Agriculture and Land Reclamation	Construction Of Model Drip Irrigation At Loupwala	Kalapata Ward	-	-	9,975,000	9,975,000	7,237,300	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.)	Total Funding in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
5	Agriculture and Land Reclamation	Rehabilitation Of Elelea Surface Irrigation Scheme In Katilia Ward	Elelea	-	-	14,433,563	15,000,000	4,330,069	100
6	Agriculture and Land Reclamation	Construction And Establishment Of Nakwamoru Model Drip Irrigation Scheme	Kaptir Ward	-	-	42,472,220	45,000,000	33,459,867	100
7	Agriculture and Land Reclamation	Construction Of Kapelbok Surface Irrigation Scheme In Kaputir	Kaptir Ward	-	-	9,360,000	10,000,000	8,450,675	100
8	Agriculture and Land Reclamation	Construction Of Model Drip Irrigation At Kakwanyang	Township Ward	-	-	9,105,889	10,000,000	3,668,910	100
9	Agriculture and Land Reclamation	Construction Of Model Drip Irrigation Nakwapua	Lokiriama Ward	-	-	9,601,714	10,000,000	3,207,178	100
10	ECDE and Social Protection	Construction Of Classroom At Lodwar Prisons	Township Ward	-	-	2,956,947	3,000,000	2,192,981	100
Donor Funded Projects									
1	Water	Construction, rehabilitation and expansion of groundwater-based rural water supply schemes in Turkana County	Lotubae-Lokwii-Namortunga,kangakimak-,Nongolekuruk &Loturtur schemes	1st January,2025	31st December,2026	335,225,547	67,045,109	67,045,109	-
2	Water	Construction, rehabilitation and expansion of groundwater-based rural water supply schemes in Turkana County	Lowarengak,Kalobeyei,Koribok,Nariamao-&Kaitese	2nd January,2025	32nd December,2026	274,351,638	54,870,328	54,870,328	-
3	WATER/ LIVESTOCK	Drilling and equipping of a water borehole	Elelea	FY 2024 2025	31ST Dec 2025	7,000,000	7,000,000	7,000,000	100
4	WATER/ LIVESTOCK	Drilling and equipping of a water borehole	Morulem	-	-	7,000,000	7,000,000	7,000,000	100
5	WATER/ LIVESTOCK	Drilling and equipping a water borehole	Nawoitorong	-	-	7,000,000	7,000,000	7,000,000	100
6	WATER/ LIVESTOCK	Drilling and equipping a water borehole	Ng'abaakan	-	-	7,000,000	7,000,000	7,000,000	100
7	WATER/ LIVESTOCK	Drilling and equipping of a water borehole	Kang'iloi	-	-	7,000,000	7,000,000	7,000,000	100
8	WATER/ LIVESTOCK	Drilling and equipping a water borehole	Ekales Centre	-	-	6,000,000	6,000,000	6,000,000	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.)	Total Funding in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
9	WATER/ LIVESTOCK	Drilling and equipping of the borehole along the migratory routes	Kakelae	-	-	7,000,000	7,000,000	7,000,000	100
10	WATER/ LIVESTOCK	Storage and reticulation of water from Nabeye to Kalemngorok	Nabeye-Kalemng'orok	-	-	31,543,957	31,543,957	31,543,957	100

The County did not report on stalled development projects as of 31st December 2025.

3.43.16 Budget Performance by Department

Table 3.647 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.647: Turkana County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	129.96	-	85.10	-	119.36	-	140	-	92	-
Office of the Deputy Governor	20.53	-	16.91	-	5.95	-	35	-	29	-
Ministry of Finance and Economic Planning - County Treasury	2,473.11	2,546.83	1,165.93	340.18	248.77	336.54	21	99	10	13
Ministry of Water Services	32.95	497.56	1.46	106.25	1.60	106.25	110	100	5	21
Ministry of Health and Sanitation	1,296.03	196.20	188.19	52.51	208.33	52.51	111	100	16	27
Ministry of Trade, Gender and Tourism	69.55	64	26.53	48.95	9.32	-	35	-	13	-
Ministry of Education, Sports and Social Protection	692.79	155.30	51.20	70.30	64.73	-	126	-	9	-
Ministry of Public Services, Administration and Disaster Management	6,253.75	464	2,901.34	18	2,920.58	10	101	56	47	2
Ministry of Infrastructure, Transport and Public Works	32.36	377.41	-	26.78	0.29	-	-	-	1	-
Ministry of Agriculture, Livestock Development and Fisheries	61.95	1,440.15	9.50	175.65	1.66	175.65	17	100	3	12
Ministry of Natural Resources and Climate Change	22.05	801.18	8.20	151.16	7.55	230.08	92	152	34	29
Ministry of Lands, Physical Planning and Urban Development	159.79	15.50	16.20	-	1.54	-	10	-	1	-
Turkana County Assembly	894.84	70	395.57	-	547.60	-	138	-	61	-
Turkana County Public Service Board	47.21	-	33.07	-	2.33	-	7	-	5	-
Office of the County Attorney	25.85	-	5	-	-	-	172	-	-	-
Lodwar Municipality	74.67	258.06	22.30	50	8.62	-	-	-	12	-

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Kakuma Municipality	16.46	716.24	11.86	-	2.27	-	19	-	14	-
Total	12,303.86	7,602.43	4,938.37	1,039.78	4,150.49	911.03	84	88	34	12

Source: *Turkana County Treasury*

Analysis of expenditure by departments shows that the Ministry of Natural Resources and Climate Change recorded the highest absorption rate of development budget at 29 per cent, followed by the Ministry of Health and Sanitation at 27 per cent. The Office of the Governor had the highest recurrent expenditure-to-budget ratio at 92 per cent, while the Ministry of Infrastructure, Transport and Public Works had the lowest at less than 1 per cent.

3.43.17 Budget Execution by Programmes and Sub-Programmes

Table 3.648 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.648: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Agriculture, Livestock Development and Fisheries				
	Food Systems Resilience Project	261,153,846	190,186,951	73
Agriculture, Livestock Development and Fisheries				
	DRNKP/KfW	731,635,000	271,058,203	37
Agriculture, Livestock Development and Fisheries				
	General Administration Services	442,656,445	102,451,884	23
Education, Sports and Social Protection				
	General Administration, Planning and Support Services	852,156,445	2,889,796,099	13
RECURRENT				
Public Services, Administration and Disaster Management				
	General Administration Services	128,280,699	128,280,699	100
Finance and Economic Planning				
	County Budget and Economic Forums	4,000,000	3,628,653	91
Finance and Economic Planning				
	Consultancy Services	3,400,000	3,000,000	88
Finance and Economic Planning				
	Revenue Automation	24,880,120	20,583,754	83
Finance and Economic Planning				
	Awareness and Campaigns on Revenue.	8,087,060	6,300,060	78

Source: *Turkana County Treasury*

The development sub-programmes with the highest budget implementation rates included Food Systems Resilience Projects in the Department of Agriculture, Pastoral Economy and Fisheries at 73 per cent, DRNKP/KfWs in the Department of Agriculture, Pastoral Economy and Fisheries at 37 per cent, and General Administration Services at 23 per cent and General Administration, Planning and Support Services in the Department of Education, Sports and Social Protection at 13 per cent. For recurrent sub-programmes, the top performers were General Administration Services in the Department of Public Services (Administration and Disaster Management) at 100 per cent, County Budget and Economic Forums in the Department of Finance and Economic Planning at 91 per cent, and Consultancy Services at 88 per cent.

Table 3.649 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.649: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Kakuma Municipality				
	KUSP II Urban Development Grant	716,242,240	-	-
Lodwar Municipality				
	Urban Development Grant	174,734,820	-	-
Lodwar Municipality				
	Municipal Infrastructure	100,000,000	-	-
Agriculture, Pastoral Economy and Fisheries				
	Revival of Turkana Fishermen Co-op. society	61,600,000	-	-
Agriculture, Pastoral Economy and Fisheries				
	Livestock breed improvement	169,308,797	-	-
RECURRENT				
County Attorney				
	General Administration, Planning and Support Services- County At	12,837,095	-	-
County Attorney				
	Litigation	15,200,000	-	-
County Attorney				
	Govt Agreements & Contracts	3,634,451	-	-
County Attorney				
	Legal Audit & Compliance	10,699,550	-	-
County Attorney				
	Legislation	8,030,563	-	-

Source: *Turkana County Treasury*

The development sub-programmes with the lowest budget implementation rates included the KUSP II Urban Development Grant (UDG) in the Department of Kakuma municipality at 0 per cent, the Urban Devt Grant in the Department of Lodwar Municipality at 0 per cent, and Municipal Infrastructure at 0 per cent. For recurrent sub-programmes, poor performers were Litigation in the Department of County Attorney at 0 per cent, General Administration, Planning and Support Services in the Department of County Attorney at 0 per cent, Legal Audit & Compliance in the Department of County Attorney at 0 per cent, and Legislation at 0 per cent.

3.43.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 19 accounts at commercial banks, including 6 for operations, 3 for imprests, 2 for Established Funds, and 6 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 19 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.43.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the TurkanaCounty budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 2nd of February 2026.
ii. The underperformance of own-source revenue at Kshs.91.46 million against an annual target of Kshs.1.2 billion, representing 6 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.911.03 million on development activities, achieving a 17 per cent absorption rate.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. Reports for all Funds were not submitted to the CoB as of 15 January 2026.
v. High level of trade payables, which amounted to Kshs.2.31 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. There were some inconsistencies in the reporting from the first quarter to the half year, for example, the county assembly reported having a manual payroll, but it seems there was none in the half year.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County should ensure that there is consistency of reporting in subsequent reporting periods.*

3.44. County Government of Uasin Gishu

3.44.1 Overview of FY 2025/26 Budget

The Uasin Gishu County Approved Budget for FY 2025/26 is Kshs.10.18 billion. It comprises Kshs.3.05 billion (30 per cent) and Kshs.7.13 billion (70 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.5.0. billion (33 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.6.36 billion and a recurrent budget of Kshs.8.80 billion. The decrease in the budget was primarily attributed to the exclusion of opening balances and also conditional funds from the budget.

The budget is to be financed through various revenue sources. These include the equitable share of revenue raised nationally, amounting to Kshs.8.81 billion (87.2 per cent) and Kshs.1.3 billion (12.8 per cent), generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.650.

3.44.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.03 billion. This amount represented a decrease of 9.3 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.4.64 billion. The total revenue consisted of Kshs.3.73 billion from the equitable share of revenue raised nationally, as well as the own-source revenue (OSR) collection of Kshs.256.91 million. Additionally, the County had a cash balance of Kshs.29.62 million from FY 2024/25. The total OSR collection of Kshs.297.92 million included Facilities Improvement Financing (FIF) of Kshs.20.5 million. Table 3.650 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.650: Uasin Gishu County, Revenue Performance in the First Half of FY 2025/26

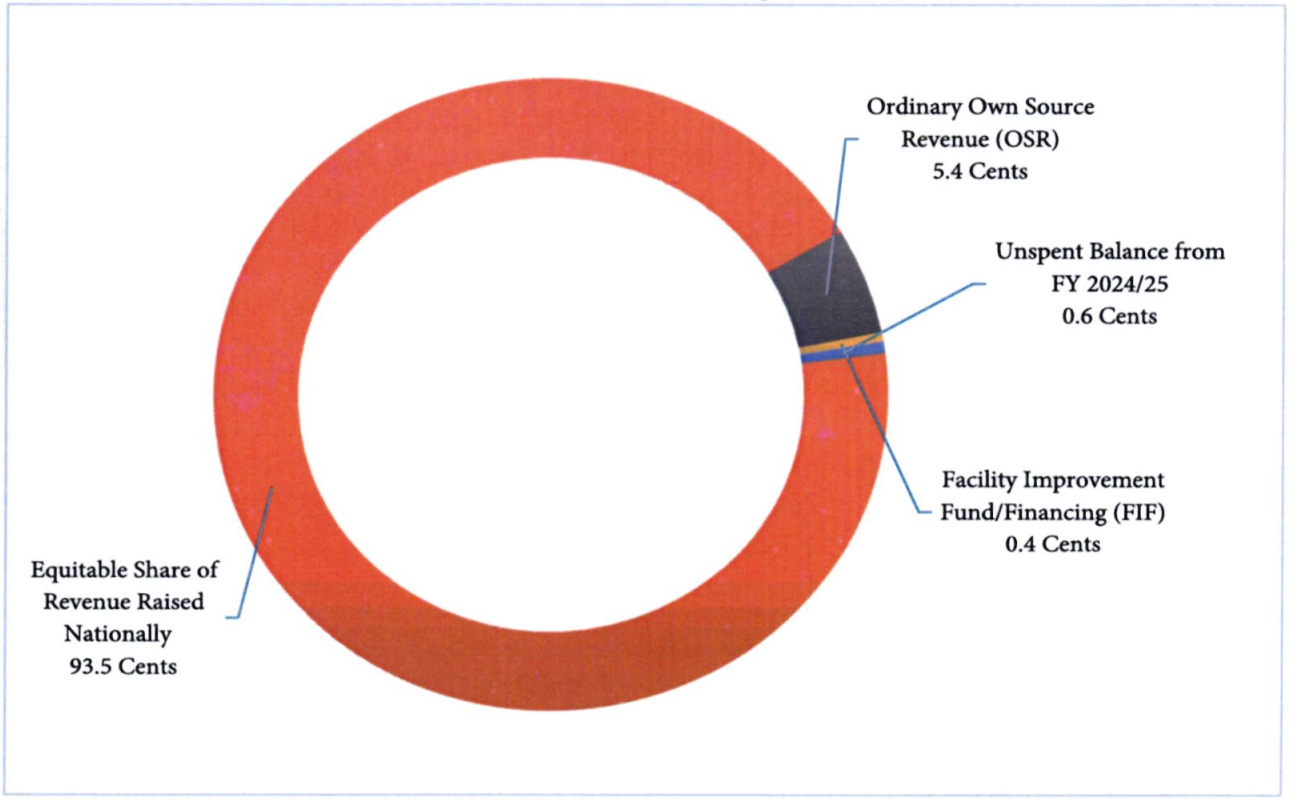
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	18,058,576	-	18,058,576	- 18,058,576
2	County Executive Refunds to CRF	-	11,557,626	-	11,557,626	- 11,557,626
3	County Assembly Refunds to CRF	-	591	-	591	- 591
	Sub-Total	-	**29,616,793**	-	**29,616,793**	**- 29,616,793**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,881,021,786	3,725,461,129	718,161,182	4,443,622,311	4,437,399,475
	Sub-Total	**8,881,021,786**	**3,725,461,129**	**718,161,182**	**4,443,622,311**	**4,437,399,475**
C	**Ordinary Own Source Revenue (OSR)**					
1	Agriculture AMS	2,050,000	193,990	-	193,990	1,856,010
2	Agriculture Veterinary	2,000,000	-	-	-	2,000,000
3	Application Fee	5,000,000	189,400	-	189,400	4,810,600
4	Audit and Supervision Fees	4,500,000	1,677,472	-	1,677,472	2,822,528
5	Betting Control	4,500,000	591,500	-	591,500	3,908,500
6	Building Plan Approval Fee / Scrutiny	35,000,000	4,621,455	-	4,621,455	30,378,545
7	Burial Fees	5,000,000	1,080,000	-	1,080,000	3,920,000
8	Business Permits Current Year	405,000,000	9,851,095	-	9,851,095	395,148,905
9	Clamping Fee	3,500,000	-	-	-	3,500,000
10	Council Premises Occasional Hire (Offices, etc.)	500,000	63,000	-	63,000	437,000
11	Court Fines		143,000	-	143,000	- 143,000
12	Enclosed Bus Park Fee	130,900,000	66,626,950	-	66,626,950	64,273,050
13	Fire-Fighting Services	10,000,000	379,000	-	379,000	9,621,000
14	Fisheries	1,000,000	236,300	-	236,300	763,700
15	Housing Estates Monthly Rent	25,000,000	7,003,121	-	7,003,121	17,996,879
16	Ict & E-government Led Screen		25	-	25	- 25
17	Impounding Charges	4,000,000	2,337,120	-	2,337,120	1,662,880
18	Land Rates Current Year	130,000,000	15,907,998	-	15,907,998	114,092,002
19	Livestock Auction/Sales Fees	-	404,660	-	404,660	- 404,660
20	Log Cess/ Bark cess/Hide/skins/ Hay/Timber	2,500,000	385,641	-	385,641	2,114,359
21	Library Fee	150,000	15,620	-	15,620	134,380
22	Motor Bikes	25,000,000	12,015,556	-	12,015,556	12,984,444
23	Market Fees	30,000,000	9,309,945	-	9,309,945	20,690,055
24	Public Toilet	500,000	-	-	-	500,000
25	Refuse Collection Fee/Nema	25,000,000	1,455,250	-	1,455,250	23,544,750
26	Right-of-Way/Way-LeaveFee (KPLN, Telkom, etc.)	1,500,000	265,256	-	265,256	1,234,744
27	Sand, Gravel, and Ballast Extraction Fees	55,000,000	27,539,238	-	27,539,238	27,460,762
28	Staff Loan commission	10,000,000	3,384,230	-	3,384,230	6,615,770
29	Sign Boards & Advertisement Fee	150,000,000	12,202,849	-	12,202,849	137,797,151
30	Slaughtering Fee	25,000,000	10,315,240	-	10,315,240	14,684,760
31	Street Parking Fee	130,000,000	40,238,911	-	40,238,911	89,761,089
32	Sugarcane Cess	6,000,000	1,530,340	-	1,530,340	4,469,660
33	Weight and Measures	5,400,000	724,400	-	724,400	4,675,600

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
34	Wheat & Maize Cess	65,000,000	24,760,585	-	24,760,585	40,239,415
35	Staff surcharge/Imprest	1,000,000	280,550	-	280,550	719,450
36	Direct banking	-	1,176,866	-	1,176,866	- 1,176,866
	Sub-Total	**1,300,000,000**	**256,906,564**	-	**256,906,564**	**1,043,093,437**
D	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF		20,504,970		20,504,970	- 20,504,970
	Sub-Total	-		-	**20,504,970**	**- 20,504,970**
	Grand Total	10,181,021,786	4,011,984,486	718,161,182	4,750,650,638	5,430,371,149

Source: *Uasin Gishu County Treasury*

Figure 259 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

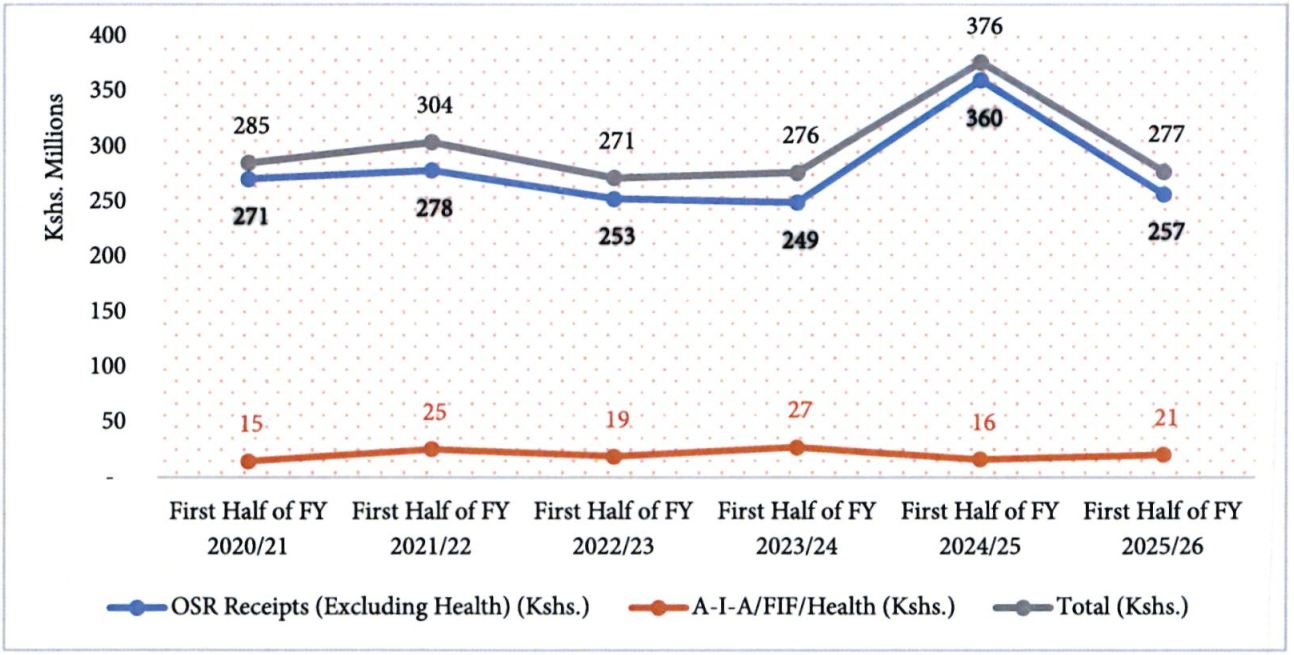
Figure 259: Uasin Gishu County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Uasin Gishu County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 88.4 per cent, 5.1 per cent, and 0.4 per cent, respectively, to total receipts for the reporting period. Figure 260 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 260: Uasin Gishu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

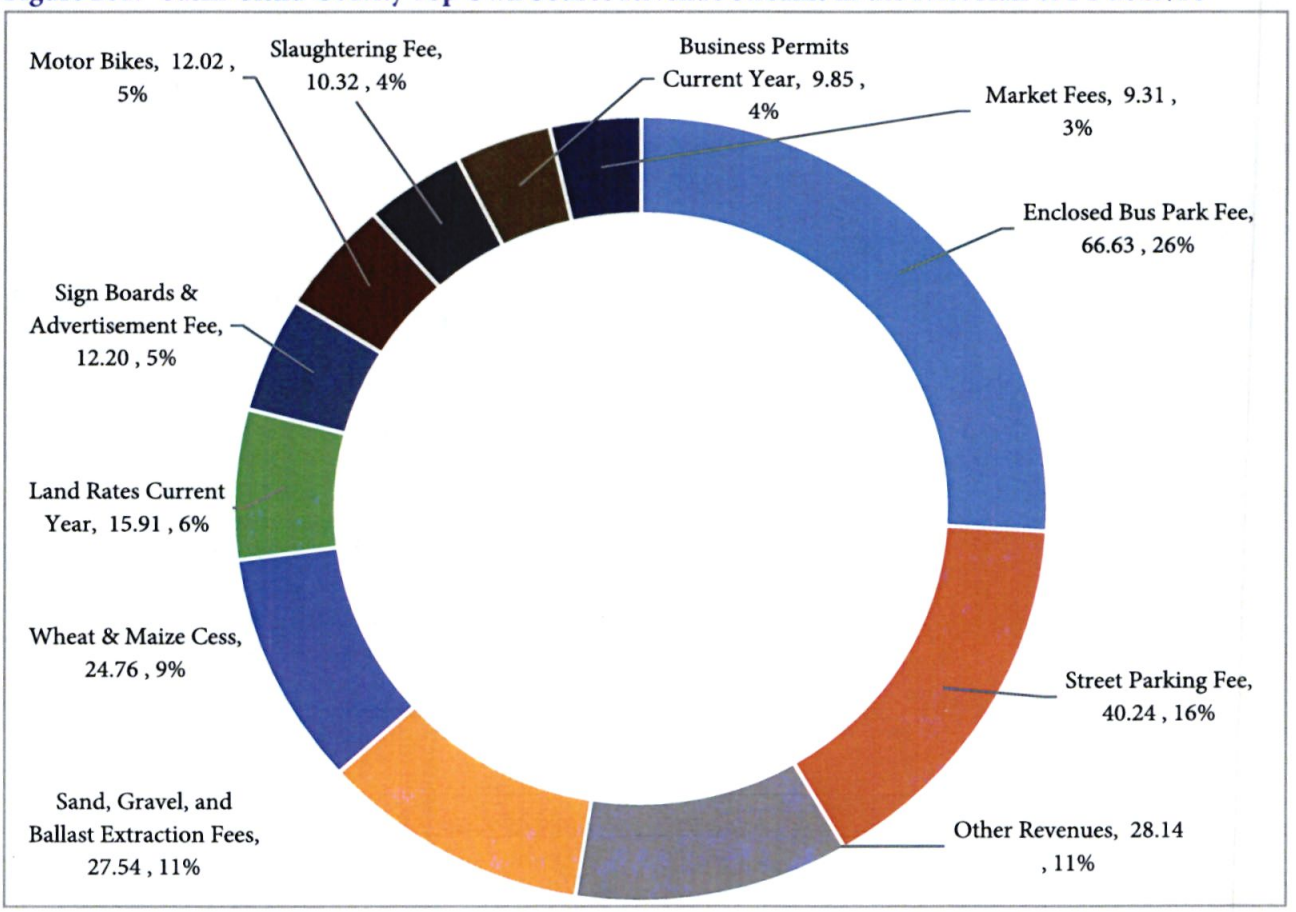


Source: *Uasin Gishu County Treasury*

During the first half of FY 2025/26, the County received Kshs.277.41 million from OSR, including FIF. This amount was a decrease of 23 per cent compared to Kshs.376.46 million realised in a similar period in FY 2024/25, and was 21 per cent of the annual target and 7.4 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 261

Figure 261: Uasin Gishu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Uasin Gishu County Treasury

As shown in Figure 261, the highest revenue stream is at Kshs.66.63 million was from the enclosed bus park, accounting for 26 per cent of the total OSR receipts. The County Government indicated that it has automated 8 of 35 revenue streams.

3.44.3 Revenue Arrears/ Receivables

The County did not report revenue arrears at the time of reporting.

3.44.4 Borrowing by the County

Uasin Gishu County did not report borrowing during the reporting period.

3.44.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.90 billion from the Uasin Gishu County Revenue Fund (CRF) account. This amount consisted of Kshs.540.8 million (14 per cent) designated for development programs and Kshs.3.36 million (86 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.44 billion was allocated to employee compensation and Kshs.918.53 million to operations and maintenance expenditures. Within the operations and maintenance category, 15 per cent was for domestic travel and 1.7 per cent for foreign travel. The domestic travel exchequers totalled Kshs.139.5 million, including Kshs.50 million for the County Executive and Kshs.89 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.15.57 million, with Kshs.11 million for the County Executive and Kshs.4.5 million for the County Assembly.

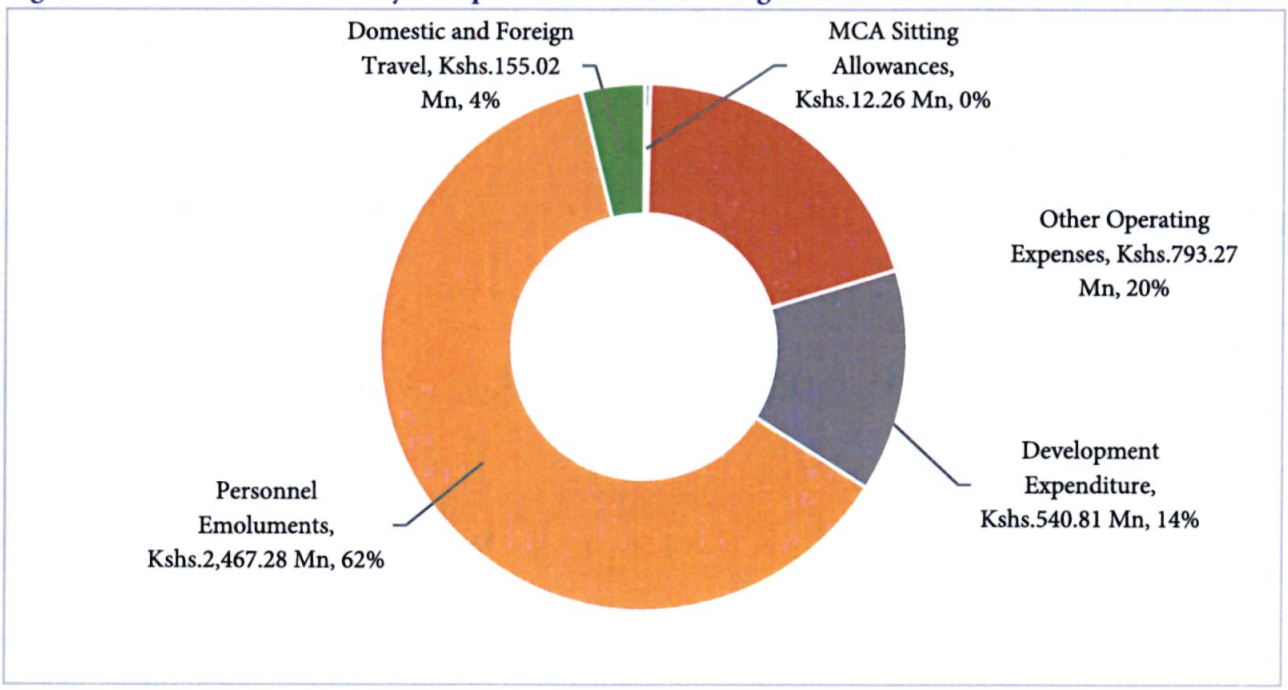
As of December 31, 2025, the County Government's cash balance in the CRF account was Kshs.1,075,941,792.50.

3.44.6 Expenditure Review

The County spent Kshs.3.90 billion on development and recurrent programmes during the reporting period. The expenditure represented 87.1 per cent of the total funds released by the CoB. It comprised Kshs.540.81 million for development programmes and Kshs.3.36 million for recurrent programmes. Expenditure on development programmes accounted for 18 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 47 per cent of the annual recurrent expenditure budget.

Figure 262 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 262: Uasin Gishu County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Uasin-Gishu *County Treasury*

As shown in Figure 262, the three highest expenditure categories were Personnel emoluments, other operating expenditures, and development, which accounted for 62 per cent, 21 per cent, and 14 per cent of total expenditure for the reporting period, respectively.

3.44.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.55 billion. This amount consisted of Kshs.1.44 billion from the County Executive and Kshs.107.13 million from the County Assembly. The trade payables from the County Executive amounted to Kshs.1.23 billion for recurrent expenditure and Kshs.199.65 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.22.58 million (1.5 per cent) for development programmes. On the other hand, the County Assembly did not record trade payables settled. The outstanding trade payables as of 31st December 2025 were Kshs.1.55 billion for the County Executive and Kshs.134.22 million for the County Assembly. Table 3.651 provides additional details of trade payables.

Table 3.651: Uasin Gishu County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	199,652,333	1,238,530,152	1,438,182,484
	County Assembly	-	107,128,805	107,128,805
	Total	199,652,333	1,345,658,957	1,545,311,289
Amount paid in FY 2025/26	County Executive	22,582,579	-	22,582,579
	County Assembly	-	-	-
	Total	22,582,579	-	22,582,579
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	199,652,333	1,345,658,957	1,545,311,289
	County Assembly	-	134,226,390	134,226,390
	Total	199,652,333	1,479,885,347	1,679,537,679

***Source**: Uasin Gishu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.309.6 million and Kshs.49.91 million on recurrent and development expenditure, respectively, in the first half of FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.22.58 million to the Executive.

Table 3.652 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.77 billion.

Table 3.652: Uasin Gishu County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	-		199,652,333	-	199,652,333
Recurrent Trade Payables (Goods & Services)	184,168,658	15,483,675	-	-	199,652,333
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	434,683,604	210,622,685	13,322,759	33,063,515	691,692,563
Recurrent Trade Payables (Staff Claims)	156,482,710	-	390,354,879	-	546,837,589
Recurrent Trade Payables	775,334,972	226,106,360	403,677,637	33,063,515	1,438,182,484
Executive Trade Payables	775,334,972	226,106,360	603,329,970	33,063,515	1,637,834,817
% of Executive Trade Payables	47	14	37	2	100

***Source**: Uasin Gishu County Treasury*

3.44.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.3 billion on compensation of employees, Kshs.726.9 million on operations and maintenance, and Kshs.540.8 million on development activities. Similarly, the County Assembly spent Kshs.139.69 million on compensation of employees, Kshs.189.69 million on operations and maintenance and zero on development activities, as shown in Table 3.653.

Table 3.653: Uasin Gishu County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (e=d/a*100)	
	Executive	**Assembly**	**Executive**	**Assembly**	**Executive**	**Assembly**	**Executive**	**Assembly**	**Executive**	**Assembly**
Total Recurrent Expenditure	**6,370,462,559**	**762,248,662**	**2,547,488,946**	**329,382,114**	**479,901,644**	-	**3,027,390,590**	**329,382,114**	**47.5**	**43.2**
Compensation to Employees	4,234,122,017	387,998,662	1,820,591,100	139,689,971	479,901,644	-	2,300,492,744	139,689,971	**54.3**	**36.0**
Operations & Maintenance	2,136,340,542	374,250,000	726,897,846	189,692,143	-	-	726,897,846	189,692,143	**34.0**	**50.7**
Development	**2,963,310,564**	**85,000,000**	**519,110,997**	-	21,701,491	-	540,812,488	-	**18.3**	-
Grand Total	9,333,773,123	847,248,662	3,066,599,943	329,382,114	501,603,135	-	3,568,203,078	329,382,114	38.2	38.9

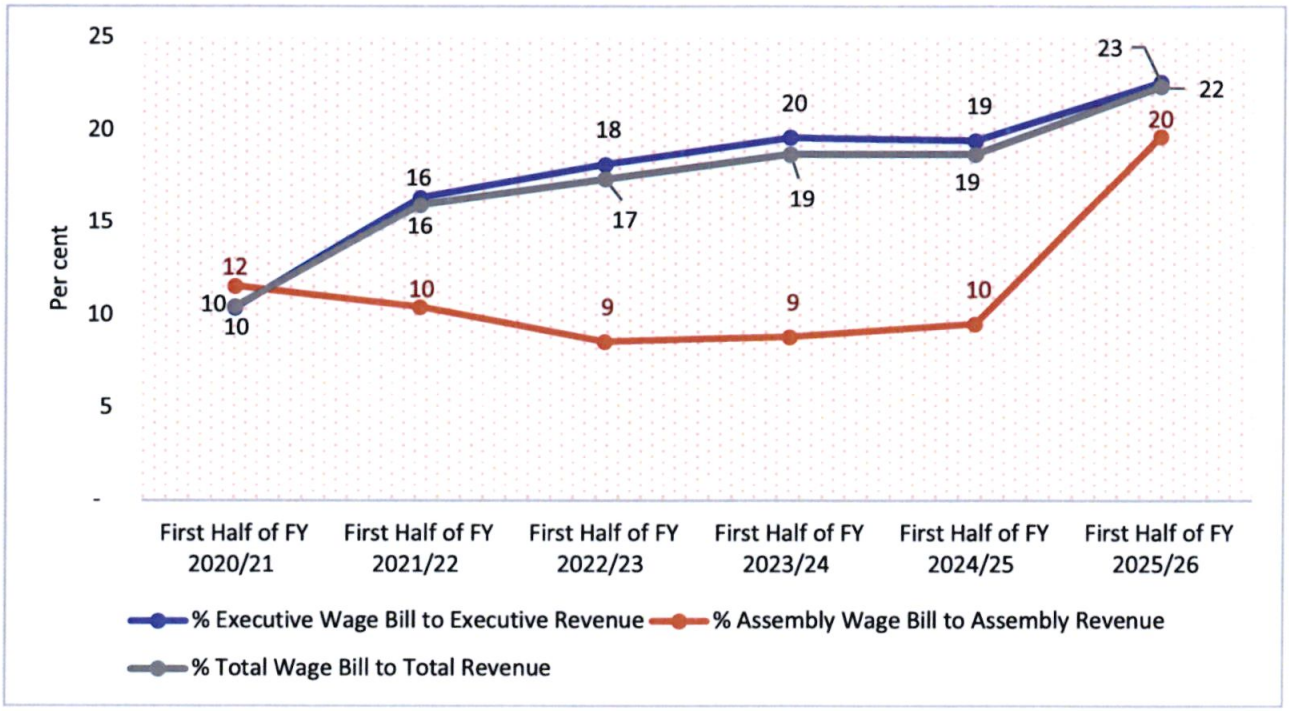
Source: *Uasin Gishu County Treasury*

3.44.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.46 million. The compensation-to-revenue ratio was 22 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.36 billion reported in a similar period in FY 2024/25. Of this total, Kshs.895.35 billion is related to Health Sector employees, accounting for 36 per cent of the overall employees' compensation.

Figure 263 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 263: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Uasin Gishu County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.38 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.59.38 million was processed through manual payroll, accounting for 2 per cent of the total PE cost.

The manual payroll included gratuity remittances to pension schemes for contract staff and community health workers, as shown in Table 3.654

Table 3.654: Breakdown of Uasin Gishu County Manual Payroll

Category	County Executive	County Assembly	Total
Gratuity for contract staff	29,372,485	-	29,372,485
Community Health Workers	-	-	-
Total	29,372,485	-	29,372,485

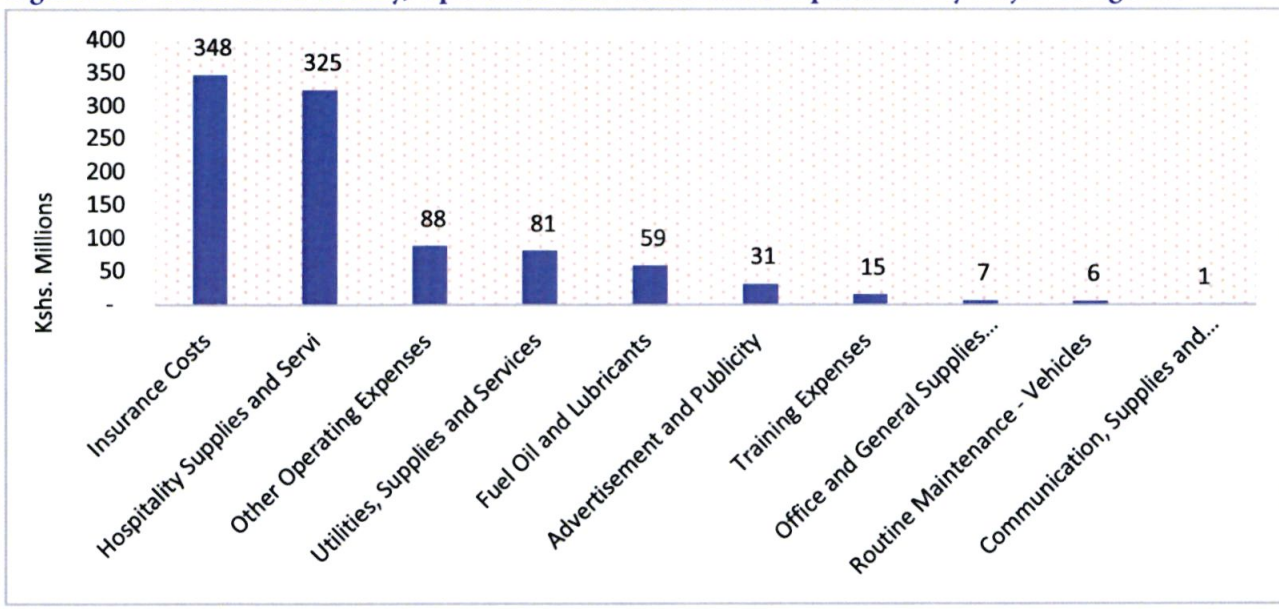
Source: Uasin Gishu County Treasury

The County Assembly spent Kshs.12.26 million on committee sitting allowances for the 44 MCAs, against the annual budget allocation of Kshs.39.92 million. The average monthly sitting allowance was Kshs.46,445 per MCA. The County Assembly has 18 House Committees.

3.44.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.916.59 million on operations and maintenance, representing a decrease of 21 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.11 billion. Figure 264 summarises the Operations and Maintenance expenditure by major categories.

Figure 264: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: *Uasin Gishu County Treasury*

3.44.11 Unbundling "*Other Operating Expenses*" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.88.44 million on "*other operating expenses*," which is 9.6 per cent of the total operations and maintenance expenditure of Kshs.916.59 million. This category of expenditure includes Kshs.23.22 million for legal fees and compensation payments, and Kshs.57 million for temporary committee expenses. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.656

Table 3.655: Breakdown of "***Other Operating Expenses***" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211308-00001001-0115014310-4339000101	Legal due/ fees, arbitration and compensation payments	25,092,464	23,222,143
2211306-00001001-0306014310-4339000101	Membership fees, dues and subscriptions to professional and trade bodies	1,741,000	11,200
2211399-00001001-0504014310-4318000101	Other operating expenses	1,866,070	258,500
2211313-00001001-0110014310-4311000101	Security operations	18,500,000	7,746,020
2211320-00001001-0512024310-43350001	Temporary committee expenses	79,078,165	57,204,918
Total		**126,277,699**	**88,442,781**

Source: Uasin Gishu *County Treasury*

3.44.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.189.91 million to County-Established funds in FY 2025/26, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.35 million to the Emergency Fund (less than 1 per cent of the total budget), in line with Section 110 of the PFM Act, 2012. Table 3.656 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.656: Performance of Uasin Gishu County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in Second Quarter of FY 2025/26 (Kshs.)	Actual Expenditure in Second Quarter of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No)
	County Executive Established Funds					
1	Uasin Gishu County Emergency Fund-Governor	35,000,000	-	-	-	yes
2	Uasin Gishu County Enterprise Development Fund	-	-	-	580,956,473	yes
3	Uasin Gishu County Inua Biashara Fund (trade)	20,000,000	-	-	120,814,711	yes
4	Uasin Gishu County Bursary and Skills Development Support Fund	90,000,000	-	-	555,700,000	yes
5	Car Loan & Mortgage - County Executive(governor)	25,000,000	-	-	-	yes
6	Uasin Gishu Education Revolving / TVET Fund	-	-	-	321,927,178	yes
	County Assembly Established Funds					
1	Car Loan & Mortgage - County Assembly	19,908,000	-	-	-	not yet
	Total	189,908,000	-	-	1,579,398,362	

Source: *Uasin Gishu County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the car & mortgage county Assembly Fund Administrators, as indicated in Table 3.657, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the Uasin Gishu County Bursary and Skills Development Support Fund had expired. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.44.13 County Corporations

The County is yet to establish a County Corporation.

3.44.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.139.45 million and comprised Kshs.89.41 million spent by the County Assembly and Kshs.50.04 million by the County Executive. Expenditure on foreign travel amounted to Kshs.15.57 million and comprised Kshs.4.55 million by the County Assembly and Kshs.11.01 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.657

Table 3.657: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	9	11/11/2025-20/11/2025	Partnership Summit	Spain	4,948,141		4,948,141
County Executive	11	16/7/2025-26/7/2025	Sister city celebration	USA Minneapolis	6,066,346		6,066,346

Source: Uasin Gishu County Treasury and Uasin Gishu County Assembly

3.44.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.20.5 million as FIF. The County did not provide a breakdown of revenues to show what the FIF's annual target is. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2024. The County has developed regulations to operationalise the FIF Act of 2024.

3.44.16 Development Expenditure

In the review period, the County reported spending Kshs.540 million on development programmes, representing a decrease of 43 per cent compared to FY 2024/25, when the County spent Kshs.1.27billion. Table 3.658 summarises the development projects with the highest expenditure in the reporting period.

Table 3.658: Uasin Gishu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
1	Clinical Services	Construction of the Turbo Level IV Hospital	Tapsagoi ward	May-23	May-25	705,710,330	50,000,000	48,330,496	159,382,390	21
2	Roads, Transport and Public Works	Grading and gravelling	County wide			79,741,335	409,508,517	79,741,335	79,741,335	25
3	Agriculture and Agribusiness	Purchase of Coffee Seedlings	Chebororwa ATC	1st July 2024	30th June 2025	56,000,000	62,000,000	56,000,000	56,000,000	98
4	Water, Irrigation and Sanitation	Ngeria south dispensary	Megun	17/02/2025	25-Nov	26,796,287	30,000,000	6,435,476	26,796,287	100
5	Water, Irrigation and Sanitation	Kapchepkwony Water Project	Soy	06/03/2025	25-Dec	24,510,277	30,000,000	24,510,277	24,510,277	100
6	Education and Vocational Training	Ngenyilel VTC	Ngenyilel	1st August, 2025	30th June, 2026	19,640,175	21,000,000	19,640,175	19,640,175	100
7	Water, Irrigation and Sanitation	Tumoge Spring Water Project	Tulwet/ Chuiyat	25-Apr	25-Oct	14,745,628	15,000,000	4,525,544	14,745,628	100
8	Water, Irrigation and Sanitation	Sigilai Bombo Water Project	Tulwet/ Chuiyat	25-Mar	25-Jul	13,760,604	15,000,000	5,978,707	13,760,604	100
9	Water, Irrigation and Sanitation	Saniak Water Project	Ziwa	10/06/2025	10/12/2025	4,998,500	5,000,000	4,998,500	4,998,500	100
10	Roads, Transport and Public Works	Construction Of Bindura-Tulwet Box Culvert	Tarakwa Ward	04/04/2025	08/04/2025	4,997,906	5,000,000	4,997,906	4,997,906	100

Source: *Uasin Gishu County Treasury*

The County did not report stalled development projects as of 31st December 2025.

3.44.17 Budget Performance by Department

Table 3.659 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.659: Uasin Gishu County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	762.25	110	329.38		329.38		100.0	-	43.2	-
Governor's Office	98.58	-	35.93	-	35.93	-	100.0	-	36.4	-
Finance	517.66	-	326.59	-	326.59	-	100.0	-	63.1	-
Public Service Management	891.67	-	571.78	-	571.78	-	100.0	-	64.1	-
ICT, E-Government and Innovation	59.21	42.60	18.03	-	18.03	-	100.0	-	30.4	-
Roads, Transport and Public Works	635.61	948.83	418.07	133.01	418.07	133.01	100.0	100.0	65.8	14.0
Health Services	1,579.90	175	737.22	61.11	737.22	61.11	100.0	100.0	46.7	34.9
Agriculture, Livestock and Fisheries	208.60	104.22	74.18	98.44	74.18	98.44	100.0	100.0	35.6	94.4
Trade, Industry, Investment and Tourism	85.64	116.11	32.19	36.01	32.19	36.01	100.0	100.0	37.6	31.0
Education and Vocational Training	565.11	207.32	217.70	19.64	217.70	19.64	100.0	100.0	38.5	9.5
County Public Service Board	69.67	-	18.07	-	18.07	-	100.0	-	25.9	-
Economic Planning	107.67	-	55.06	-	55.06	-	100.0	-	51.1	-
Administration and Devolution	113.23	40	49.93		49.93		100.0	-	44.1	-
Youth and Sports Development	218.77	78.15	61.28	-	61.28	-	100.0	-	28.0	-
Co-Operatives and Enterprise Development	36.72	16.50	7.80	-	7.80	-	100.0	-	21.2	-
Livestock Development and Fisheries	44.05	199.12	9.88	14.74	9.88	14.74	100.0	100.0	22.4	7.4
Eldoret Municipality	94.19	85	37.70	-	37.70	-	100.0	-	40.0	-
Promotive and Preventive Health	546.18	96.74	201.67	5.49	201.67	5.49	100.0	100.0	36.9	5.7
Energy, Environment, Climate Change and Natural Resources	44.30	292.57	11	54.07	11	54.07	100.0	100.0	24.8	18.5
Partnership, Liaison and Linkages	32.17	-	10.82	-	10.82	-	100.0	-	33.6	-
Gender, Social Protection and Culture	90.12	42.62	39.98	-	39.98	-	100.0	-	44.4	-
Housing and Urban Development	39.20	65	11.87	2.09	11.87	2.09	100.0	100.0	30.3	3.2
Lands and Physical Planning	53.15	51.42	23.09	5.15	23.09	5.15	100.0	100.0	43.4	10.0
Water, Irrigation and Sanitation	166.08	383.69	46.84	111.07	46.84	111.07	100.0	100.0	28.2	28.9
Office of the County Attorney	66.39	-	10.73	-	10.73	-	100.0	-	16.2	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Total	**7,126**	**3,055**	**3,356.77**	**540.81**	**3,356.77**	**540.81**	**100.0**	**100.0**	**47.1**	**17.7**

Source: *Uasin Gishu County Treasury*

Analysis of departmental expenditure shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of the development budget at 94.4 per cent, followed by the Department of Health Services at 34.9 per cent. The Department of Roads, Transport and Public Works had the highest recurrent expenditure-to-budget ratio at 65.8 per cent, while the Department of the Office of the Attorney had the lowest at 16.2 per cent.

3.44.18 Budget Execution by Programmes and Sub-Programmes

Table 3.660 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.660: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Description	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
Development					
	215044310	SP Climate Change Services	90,000,000	50,066,913.60	56
510004310			37,000,000	19,640,175.05	53
	510014310	SP Vocational Training Services	37,000,000	19,640,175.05	53
	301024310	Modern Shopping Mkt.	40,000,000	20,000,000	50
301004310		TRADE DEVELOPMENT AND INVESTMENT	50,000,000	24,770,430	50
	301014310	Ultra-modern wholesale market with cold storage go-down	10,000,000	4,770,430	48
Reccurent					
102004310		CROP DEVELOPMENT AND MANAGEMENT			
901004310		WATER SUPPLY SERVICES	167,891,402	130,926,984.50	78.0
701004310		PUBLIC FINANCE MANAGEMENT	693,101,414	494,759,098.90	71.4
110004310			582,880,656	300,199,741.85	51.5
	702024310	Central planning and M&E services	51,434,002	26,243,200	51.0
511004310			90,800,000	45,107,660	49.7
	511014310	SP Culture and Heritage Services	90,800,000	45,107,660	49.7

Source: *Uasin Gishu County Treasury*

The development sub-programmes with the highest budget implementation rates were: Climate change services in the Department of Environment at 56 per cent, vocational training services in the Department of Youth and Sports at 53 per cent, and Trade development at 50 per cent.

For recurrent sub-programmes, the top performers included: water supply services in the Department of Water at 78 per cent, Public Finance Management in the Department of Finance at 71.4 per cent, and central planning and M&E services in the Department of Finance at 52 per cent. Table 3.661 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.661: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Description	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
Development					
214004310			50,000,000	2,233,100	4
	214014310	SP Energy Services	50,000,000	2,233,100	4
122004310			30,000,000	2,089,220	7
	122014310	SP Housing Development Services	30,000,000	2,089,220	7
204004310		ROADS INFRASTRUCTURE DEVELOPMENT	397,000,000	29,225,457.30	7
	101034310	Breeding services	150,000,000	14,736,897	10
Reccurent					
115004310			66,390,358	10,729,609	16.2
	115014310	SP Legal Services	66,390,358	10,729,609	16.2
512004310			8,000,000	1,608,000	20.1
	512024310	SP Social Protection & Safety Nets	8,000,000	1,608,000	20.1
305004310		WEIGHTS AND MEASUREMENTS	36,715,854	7,799,118	21.2
	305014310	Standard weighbridge	36,715,854	7,799,118	21.2
202004310		ADMINISTRATIVE SUPPORT SERVICES	639,306,634	172,638,958	27.0
	202044310	Administrative and Support Services	639,306,634	172,638,958	27.0
	901014310	Drilling of boreholes	167,891,402	46,842,020	27.9
216004310			59,206,559	18,025,294	30.4
	216014310	SP ICT Services	59,206,559	18,025,294	30.4

Source: *Uasin Gishu County Treasury*

The development sub-programmes with the lowest budget implementation rates were: Energy Services in the Department of Energy and Environment at 4 per cent, Housing Development services in the Department of Housing and Urban Development at 7 per cent, and breeding services in the Department of Agriculture at 10 per cent.

For recurrent sub-programmes, the lowest-performing included: legal services in the Department of County Attorney at 16 per cent, social protection and safety nets in the Department of Gender at 20 per cent, and standard weighbridge in the Department of Trade at 21 per cent.

3.44.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 160 accounts in commercial banks, including 129 for Health Facilities, 4 for Vocational Training Centres, 12 for Established Funds, 8 revenue accounts, and 12 special-purpose accounts (additional allocations).

The County Treasury had not submitted copies of the authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.44.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Uasin Gishu County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 25 January 2026.
ii. The underperformance of own-source revenue at Kshs.277.41 million against an annual target of Kshs.1.3 billion, representing 21.3 per cent of the financial year target
iii. Low development performance in the review period, as the County incurred Kshs.540.8 million on development activities, achieving an 18 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the bursary and skills development Fund had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the county Assembly car and mortgage Fund were not submitted to the CoB as of 15 July 2025.
vi. High level of trade payables, which amounted to Kshs.1.68 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in the remaining period of FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.45. County Government of Vihiga

3.45.1 Overview of FY 2025/26 Budget

The Vihiga County Approved Supplementary Budget for FY 2025/26 is Kshs.7.93 billion. It comprises Kshs.2.68 billion (34 per cent) and Kshs.5.24 billion (66 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.43 billion (22 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.10 billion and a recurrent budget of Kshs.4.39 billion. The increase in the budget was primarily attributed to the increase in CARA 2025 ceilings and upward Own Source Revenue Estimates.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.6.01 billion (76 per cent), additional allocations of Kshs.1.44 billion (18 per cent), a cash balance of Kshs.21.06 million (0.3 per cent) brought forward from FY 2024/25, and Kshs.452.71 million (6 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.662.

3.45.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.2.69 billion. This amount represented a decrease of 3 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.76 billion. The total revenue consisted of Kshs.2.49 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.0 million, as well as own-source revenue (OSR) collection of Kshs.171.87 million. Additionally, the County had a cash balance of Kshs.21,09 million from FY 2024/25. The total OSR collection of Kshs.171.87 million included Facilities Improvement Financing (FIF) of Kshs.70.35 million, and Kshs.101.52 million from other OSR sources. Table 3.662 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.662: Vihiga County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	21,063,163	21,063,163	-	21,063,163	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	26,087	26,087	-	26,087	-
	Sub-Total	**21,089,250**	**21,089,250**	**-**	**26,089,250**	**-**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,008,751,224	2,493,631,758	480,700,098	2,974,331,856	3,034,419,368
	Sub-Total	**6,008,751,224**	**2,493,631,758**	**480,700,098**	**2,974,331,856**	**3,034,419,368**
C	**Transfers from the Equalisation Fund**					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Aggregated Industrial Parks Programme	250,000,000	-	-	-	250,000,000
2	Community Health Promoters (CHPS)	43,380,000	-	-	-	43,380,000
3	Nutritional International	2,126,051	-	-	-	2,126,051
4	Primary Health Care in Developed Context Programme (DANIDA)	14,663,250	-	-	-	14,663,250
5	FLLOCA-County Climate Resilient Investment (CCRI) Grant	181,365,284	-	-	-	181,365,284
6	Kenya Devolution Support Programme II (KDSP II) Level 1 Grant	73,787,955	-	-	-	73,787,955
7	Kenya Devolution Support Programme II (KDSP II) Level 2 Grant	352,500,000	-	-	-	352,500,000
8	Kenya Urban Support Programme - UIG Grant	60,309,300	-	-	-	60,309,300
9	Kenya Urban Support Programme - UDG Grant	18,278,289	-	-	-	18,278,289
10	Kenya Water Sanitation and Hygiene (K-WASH) Programme.	130,000,000	-	-	-	130,000,000
11	National Agriculture Value Chain Development Projects (NAVCDP)	260,555,638	-	-	-	260,555,638
12	Road Maintenance Fuel Levy (RMFL)	37,535,760	-	-	-	37,535,760
13	Doctor's Salary Arrears	15,044,112	-	-	-	15,044,112
14	0.5% of Housing Levy Fund to County Rural and Urban Affordable Housing Committees	1,987,622	-	-	-	1,987,622
	Sub-Total	**1,441,533,261**	**-**	**-**	**-**	**1,441,533,261**
E	**Ordinary Own Source Revenue (OSR)**					
1	PLAN APP AND APPROVAL	1,449,750	1,629,550	-	1,629,550	- 179,800
2	RENOVATION	245,400	229,250	-	229,250	16,150
3	WAY LEAVE APPLICATION	1,860,484	405,540	-	405,540	1,454,944
4	HIRE OF MACHINES	70,000	331,260	-	331,260	- 261,260
5	BUILDING INSPECTION FEE	957,000	649,000	-	649,000	308,000
6	HOARDING	159,000	138,000	-	138,000	21,000

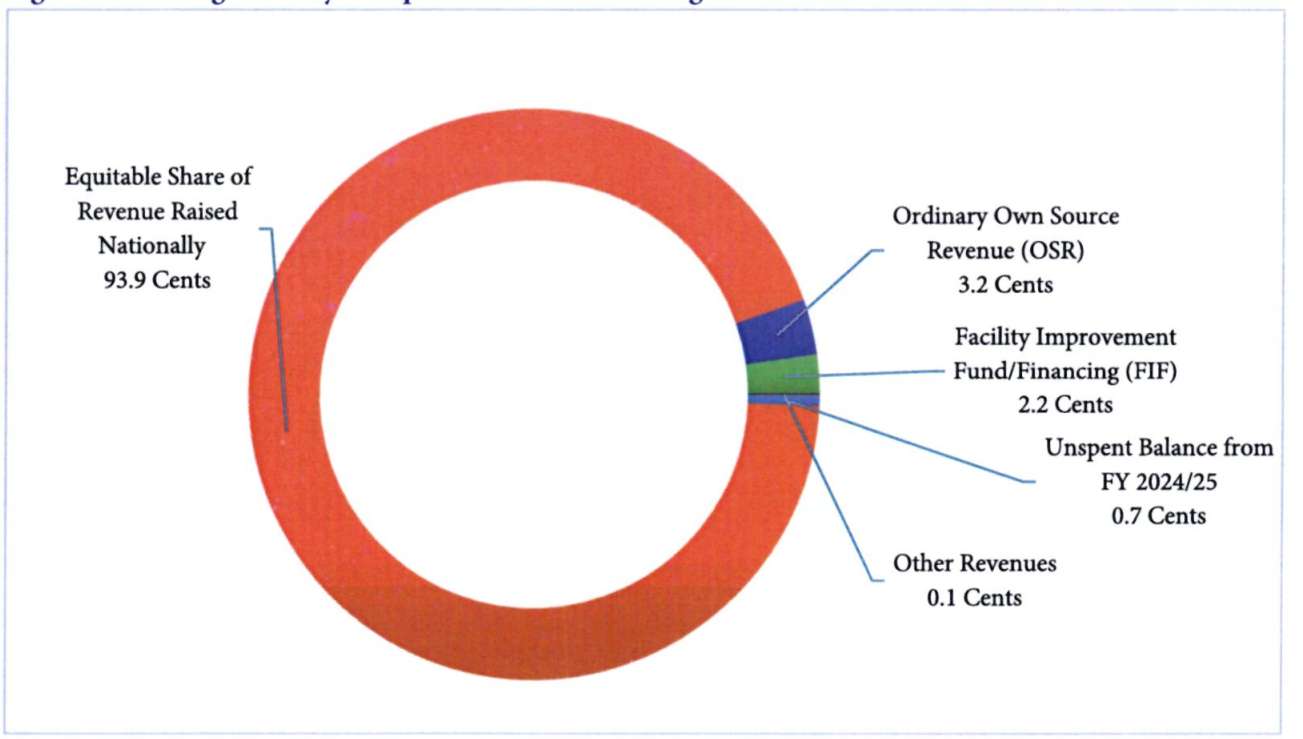
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
7	FIRE INSPECTION FEE	990,500	417,000	-	417,000	573,500
8	SCRUTINY MECHANICAL	1,289,620	431,000	-	431,000	858,620
9	PARKING FEE	6,413,307	3,260,458	-	3,260,458	3,152,849
10	SCRUTINY ELECTRICAL	1,237,720	408,000	-	408,000	829,720
11	BUS PARK	27,828,003	20,247,470	-	20,247,470	7,580,533
12	Receipts from 3rd party	2,654,987	1,976,778	-	1,976,778	678,209
13	SBP penalty	261,640	86,273	-	86,273	175,367
14	FINES AND PENALTIES	858,371	733,600	-	733,600	124,771
15	COMMISSIONS	1,462,263	753,856	-	753,856	708,407
16	DISPOSAL OF COUNTY ASSET	4,644,250	24,970	-	24,970	4,619,280
17	MISCELLENEOUS	976,509	677,401	-	677,401	299,108
18	LAND RATES	579,306	415,210	-	415,210	164,096
19	PHYSICAL PLANNING	2,400,900	2,956,200	-	2,956,200	- 555,300
20	HOUSE RENT	3,249,075	1,953,000	-	1,953,000	1,296,075
21	GROUND/SITE RENT/PLOT RENT	370,475	209,760	-	209,760	160,715
22	LAND BOUNDARY\DISPUTES	140,000	170,000	-	170,000	- 30,000
23	SEARCH FEES	5,000	26,000	-	26,000	- 21,000
24	CHANGE OF USER/Plot Transfer	229,000	152,000	-	152,000	77,000
25	CLEARANCE CERTIFICATE FEE	16,000	15,000	-	15,000	1,000
26	SLAUGHTER MANAGEMENT	1,902,030	658,090	-	658,090	1,243,940
27	VETERINARY & FISHERIES	2,176,556	1,660,380	-	1,660,380	516,176
28	TEA CESS	3,434,173	415,361	-	415,361	3,018,813
29	SAND\MURRAM	2,214,100	1,355,230	-	1,355,230	858,870
30	WATER ADM FEES	569,000	56,500	-	56,500	512,500
31	CONSERVANCY FEE	6,542,000	1,167,000	-	1,167,000	5,375,000
32	SANITATION	897,665	47,090	-	47,090	850,575
33	NOISE POLLUTION	183,200	147,200	-	147,200	36,000
34	SIGNAGES	1,467,439	142,500	-	142,500	1,324,939
35	SPORTS GROUND	370,475	119,000	-	119,000	251,475
36	MARKETS	11,003,436	42,009,415	-	42,009,415	- 31,005,979
37	STALL RENT	2,612,356	1,184,000	-	1,184,000	1,428,356
38	SINGLE BUSINESS PERMITS	45,202,182	6,443,290	-	6,443,290	38,758,892
39	SBP APPLICATION	187,000	94,000	-	94,000	93,000
40	SIGNAGE/SIGN POSTS	1,348,668	25,500	-	25,500	1,323,168
41	ADVERTISEMENT	3,887,399	547,200	-	547,200	3,340,199
42	WALL & VEHICLE BRANDING	16,542,600	316,500	-	316,500	16,226,100
43	STOCK SALES	3,239,380	2,006,850	-	2,006,850	1,232,530
44	MOTORBIKE STICKERS	5,320,500	3,045,750	-	3,045,750	2,274,750
45	WEIGHTS & MEASURES	488,800	55,500	-	55,500	433,300
46	COOPERATIVES	58,674	29,000	-	29,000	29,674
47	TOILET FEES	-	69,200	-	-	-
	Sub-Total	**169,996,193**	**99,821,932**	-	**99,821,932**	**70,174,262**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	43,015,061	47,805,640	-	47,805,640	- 4,790,579
2	Defunct NHIF	225,982,692	21,343,467	-	21,343,467	204,639,225

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
3	PUBLIC HEALTH (A.I.A)	5,131,585	1,196,745	-	1,196,745	3,934,840
	Sub-Total	**274,129,338**	**70,345,852**	-	**70,345,852**	**203,783,487**
G	**Appropriations in Aid**					
1		-	-	-	-	-
2		-	-	-	-	-
	Sub-Total	-	-	-	-	-
H	**Other Revenues**					
1	LIQUOR LICENCE FEE	5,546,821	1,069,000	-	1,069,000	4,477,821
2	VIHIGA FM RECIEPTS	514,089	398,730	-	398,730	115,359
3	GOLD	2,524,643	234,000	-	234,000	2,290,643
	Sub-Total	**8,585,553**	**1,701,730**	-	**1,701,730**	**6,883,823**
	Grand Total	7,924,084,819	2,686,590,521	480,700,098	3,167,290,619	4,756,794,300

Source: *Vihiga County Treasury*

The County does not have governing legislation on the operation of ordinary A-I-A and FIF. Figure 265 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 265: Vihiga County Composition of Each Shilling Earned in the First Half of FY 2025/26

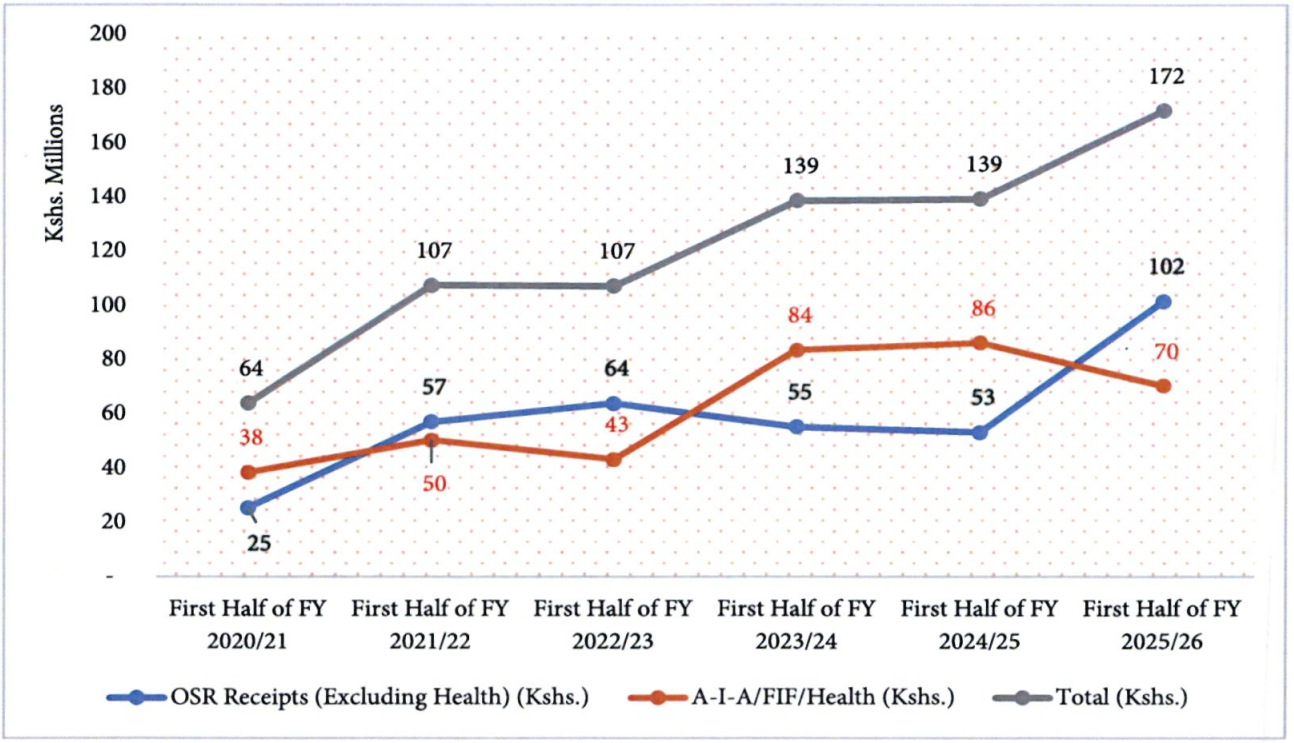


Source: *Vihiga County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 94 per cent, 3 per cent, and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 266 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 266: Vihiga County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



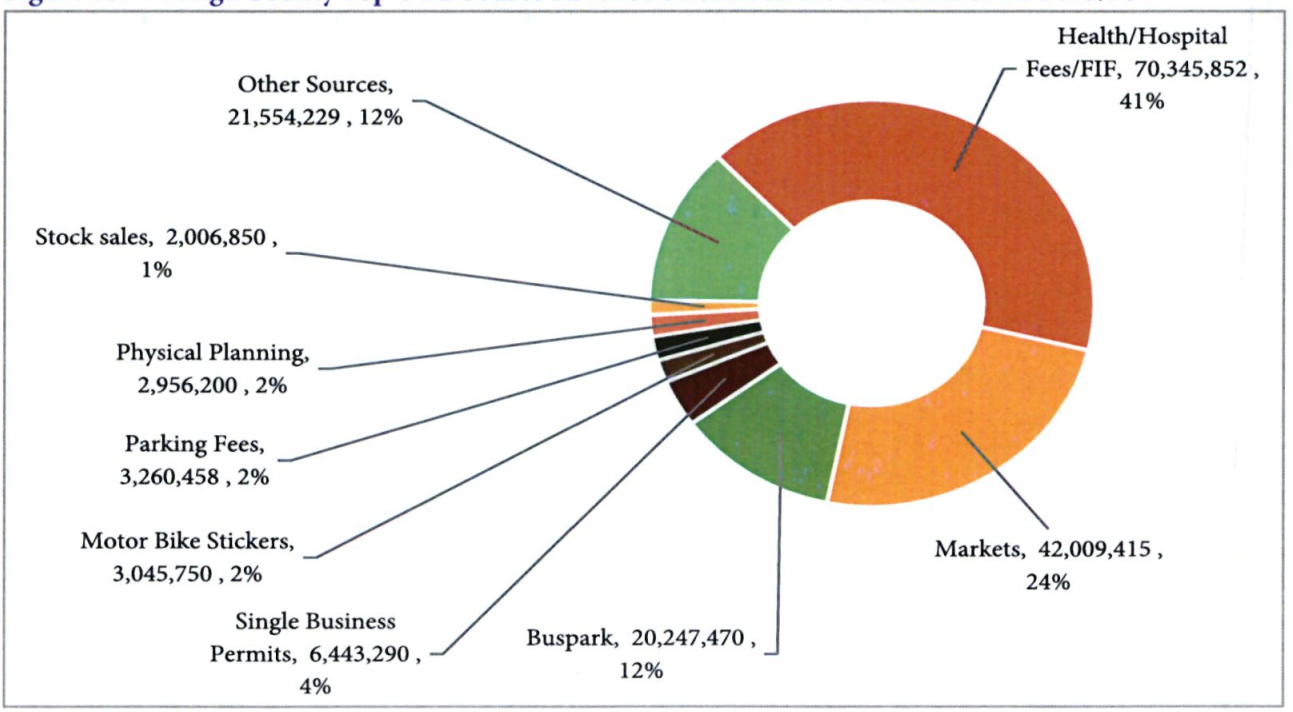
Source: *Vihiga County Treasury*

During the first half of FY 2025/26, the County received Kshs.171.87 million from OSR, including FIF. This amount was an increase of 23 per cent compared to Kshs.139.40 million realised in a similar period in FY 2024/25, and was 38 per cent of the annual target and 7 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the timely disbursement of FIF claims and the automation of own-source revenue streams.

The revenue streams that contributed the most to OSR receipts are shown in Figure 267

Figure 267: Vihiga County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Vihiga County Treasury*

As shown in Figure 267 the highest revenue stream, at Kshs.70.35 million, was from Health/ Hospital fees, accounting for 41 per cent of the total OSR receipts. The County Government indicated that it has automated 52 of 53 revenue streams.

3.45.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported no revenue arrears.

3.45.4 Borrowing by the County

The Vihiga County Executive has a credit facility with KCB Bank totalling Kshs.268.45 million. The credit facility was used to pay basic salaries to county staff during the review period, in accordance with a memorandum between the county and Kenya Commercial Bank. The County had no outstanding amounts as of 31st December, 2025. The County Assembly had no credit facility during the review period.

3.45.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.52 billion from the Vihiga County Revenue Fund (CRF) account. This amount consisted of Kshs.185.36 million (7 per cent) designated for development programs and Kshs.2.34 billion (93 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.1.65 billion was allocated to employee compensation and Kshs.695.21 million to operations and maintenance expenditures. Within the operations and maintenance category, 30 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.187.73 million, which included Kshs.114.31 million for the County Executive and Kshs.73.42 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.9.46 million, with Kshs.0 million for the County Executive and Kshs.9.46 million for the County Assembly.

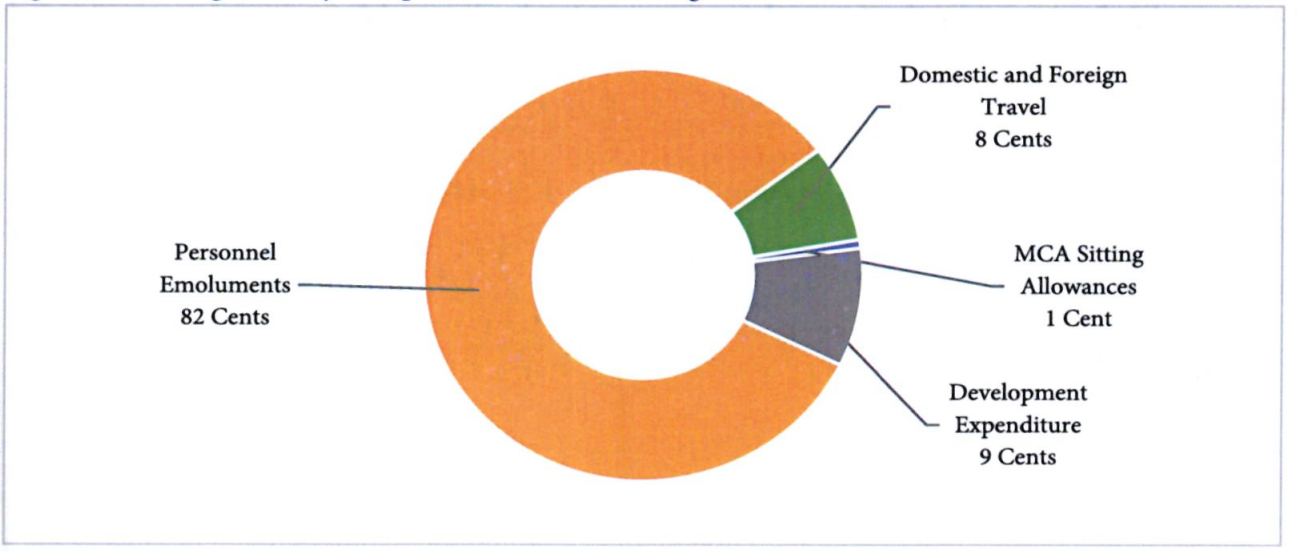
As of December 31, 2025, the County Government's cash balance in the Vihiga County CRF account was Kshs.93.13 million. Additionally, the County Assembly of Vihiga has not operationalized the Vihiga County Assembly Fund.

3.45.6 Expenditure Review

The County spent Kshs.2.52 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.185.36 million for development programmes and Kshs.2.34 billion for recurrent programmes. Expenditure on development programmes represented 7 per cent of the annual development expenditure budget, while recurrent expenditure represented 45 per cent of the annual recurrent expenditure budget.

Figure 268 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 268: Vihiga County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Vihiga County Treasury*

As shown in Figure 268, the three highest expenditure categories were Personnel Emoluments Development, Domestic & Foreign Travel, and MCAs Sitting Allowance, which contributed 82, 9, 8, and 1 per cent of total expenditure for the reporting period.

3.45.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.09 billion. This amount consisted of Kshs.1.08 billion from the County Executive and Kshs.6.69 million from the County Assembly. The trade payables from the County Executive comprised Kshs 354.46 million for recurrent expenditure and Kshs.727.51 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.111.87 million, comprising Kshs.26.33 million (24 per cent) for recurrent programmes and Kshs.85.55 million (76 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables during the review period. The outstanding trade payables as of 31st December 2025 were Kshs.976.78 million for the County Executive and Kshs.6.69 million for the County Assembly. Table 3.663 provides additional details of trade payables.

Table 3.663: Vihiga County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	727,506,936	354,462,890	1,081,969,826
	County Assembly	-	6,688,024	6,688,024
	Total	**727,506,936**	**361,150,914**	**1,088,657,850**
Amount paid in FY 2025/26	County Executive	85,549,091	26,325,480	111,874,571
	County Assembly	-	-	-
	Total	**85,549,091**	**26,325,480**	**111,874,571**
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	641,957,845	334,825,434	976,783,279
	County Assembly	-	6,688,024	6,688,024
	Total	**641,957,845**	**341,513,458**	**983,471,303**

***Source**: Vihiga County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.6.69 million and Kshs.0 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.111.87 million for the Executive and Kshs.0 million for the Assembly.

Table 3.664 and Table 3.665 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.983.47 million.

Table 3.664: Vihiga County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	163,070,638.55	231,902,157.10	-	246,985,049	641,957,844.65
Recurrent Trade Payables (Goods & Services)	176,159,020	165,354,438	-	-	341,513,458
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	**176,159,020**	**165,354,438**	-	-	**341,513,458**
Executive Trade Payables	**339,229,658.55**	**397,256,595**	-	**246,985,049**	**983,471,303**
% of Executive Trade Payables	**35**	**40**	-	**25**	**100**

***Source**: Vihiga County Treasury*

Table 3.665: Vihiga County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	6,688,024	-	-	-	6,688,024
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	-	-	-	-
Assembly Trade Payables	-	-	-	-	-
% of Assembly Payables	-	-	-	-	-
Total Trade Payables	6,688,024	-	-	-	6,688,024
% of Total Trade Payables	100	-	-	-	100

***Source**: Vihiga County Treasury*

The County did not adhere to the Trade Payables Action Plan during the review period.

3.45.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.48 billion on compensation of employees, Kshs.593.14 million on operations and maintenance, and Kshs.185.36 million on development activities. Similarly, the County Assembly spent Kshs.170.95 million on compensation of employees, Kshs.102.07 million on operations and maintenance, and Kshs.0 million on development activities, as shown in Table 3.666.

Table 3.666: Vihiga County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
County Executive							
Recurrent	**4,524,551,912**	**2,070,102,236**	**2,070,102,236**	-	**2,070,102,236**	-	**46**
Compensation to Employees	2,744,710,456	1,476,957,374	1,476,957,374	-	1,476,957,374	-	54
Operations & Maintenance	1,779,841,456	593,144,862	593,144,862	-	593,144,862	-	33
Development	**2,624,741,866**	**185,358,790**	**185,358,790**	-	**185,358,790**	-	7
Executive Sub-total	**7,149,293,778**	**2,255,461,026**	**2,255,461,026**	-	**2,070,102,236**	-	**29**
County Assembly							
Recurrent	**719,818,046**	**273,014,288**	**273,014,288**	-	**273,014,288**	-	**38**
Compensation to Employees	365,419,946	170,948,900	170,948,900	-	170,948,900	-	47
Operations & Maintenance	354,398,100	102,065,388	102,065,388	-	102,065,388	-	29
Development	**57103942**	-	-	-	-	-	-
Assembly Sub-total	**776,921,988**	**273,014,288**	**273,014,288**	-	**273,014,288**	-	**35**
Combined County Totals							
Total Recurrent	**5,244,369,958**	**2,343,116,524**	**2,343,116,524**	-	**2,343,116,524**	-	**45**
Compensation to Employees	3,110,130,402	1,647,906,274	1,647,906,274	-	1,647,906,274	-	53
Operations & Maintenance	2,134,239,556	695,210,250	695,210,250	-	695,210,250	-	33
Total Development	**2,681,845,808**	**185,358,790**	**185,358,790**	-	-	-	7
Grand Total	**7,926,215,766**	**2,528,475,314**	**2,528,475,314**	-	**2,528,475,314**	-	**32**

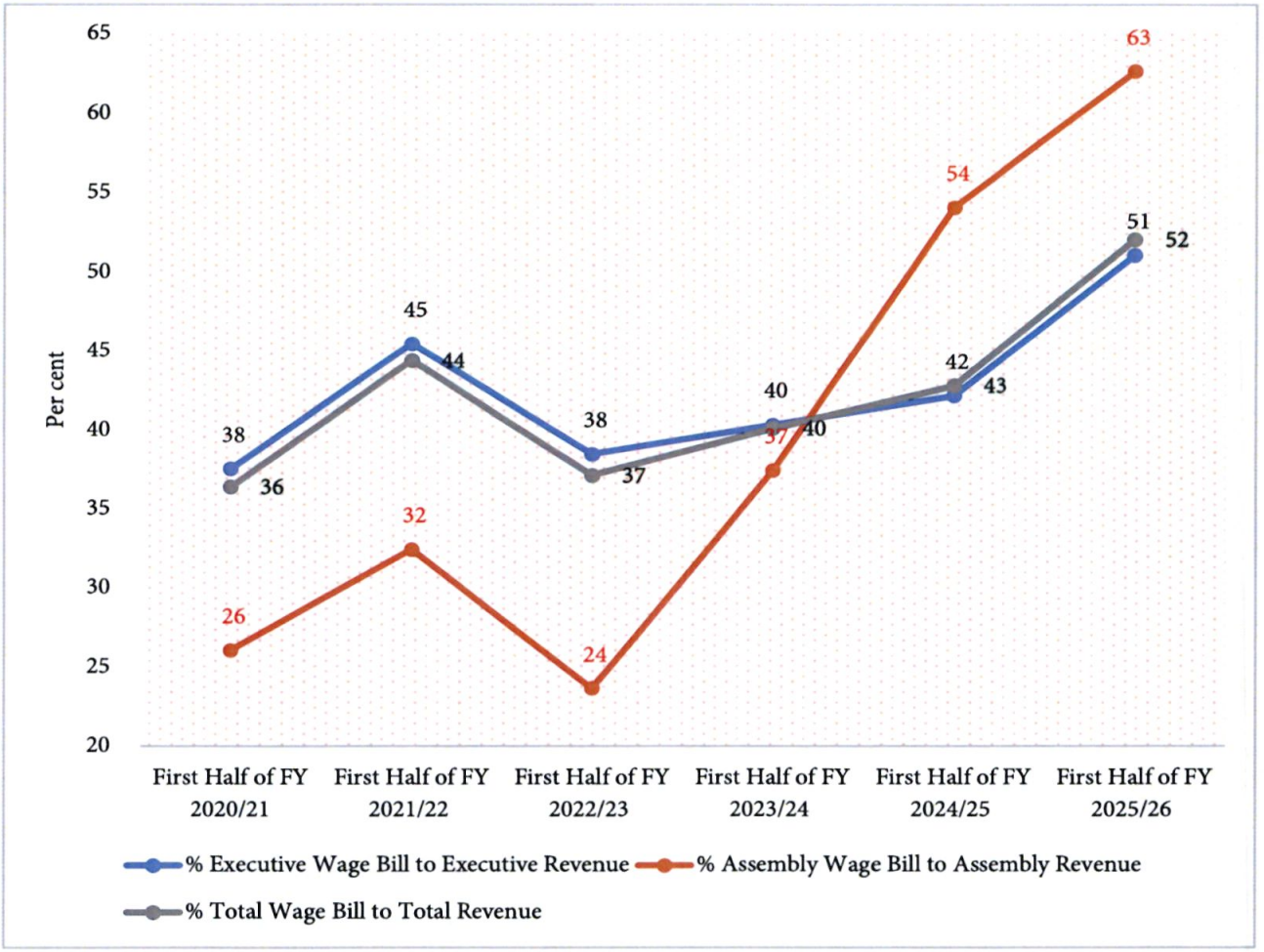
***Source**: Vihiga County Treasury*

3.45.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.65 billion. The percentage of compensation of employees to revenue was 62 per cent. This expenditure on employee compensation shows. an increase compared to the Kshs.1.57 billion reported in a similar period in FY 2024/25. Of this total, Kshs.798.27 million related to Health Sector employees, accounting for 48 per cent of the overall employees' compensation.

Figure 269 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 269: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Vihiga County Treasury

Further analysis indicated that PE costs totaled Kshs.1.60 were processed through the Human Resource Information System (HRIS). In contrast, Kshs.43.09 million was processed through manual payrolls, which accounted for 3 per cent of the total PE cost. The justification for the continued use of manual payroll was that part of Manual payroll constitutes a stipend for the community Health Volunteers (CHVs) and a top-up for security officers and Community Health Volunteers (CHVs).

The manual payroll included stipends for Community Health Workers and top-ups for Security officers, as shown in Table 3.668.

Table 3.667: Breakdown of Vihiga County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Stipend for Community Health Workers (CHVs)	41,375,550
2.	Top-up Allowances for 7 security officers	1,718,571
	Total	**43,094,121**

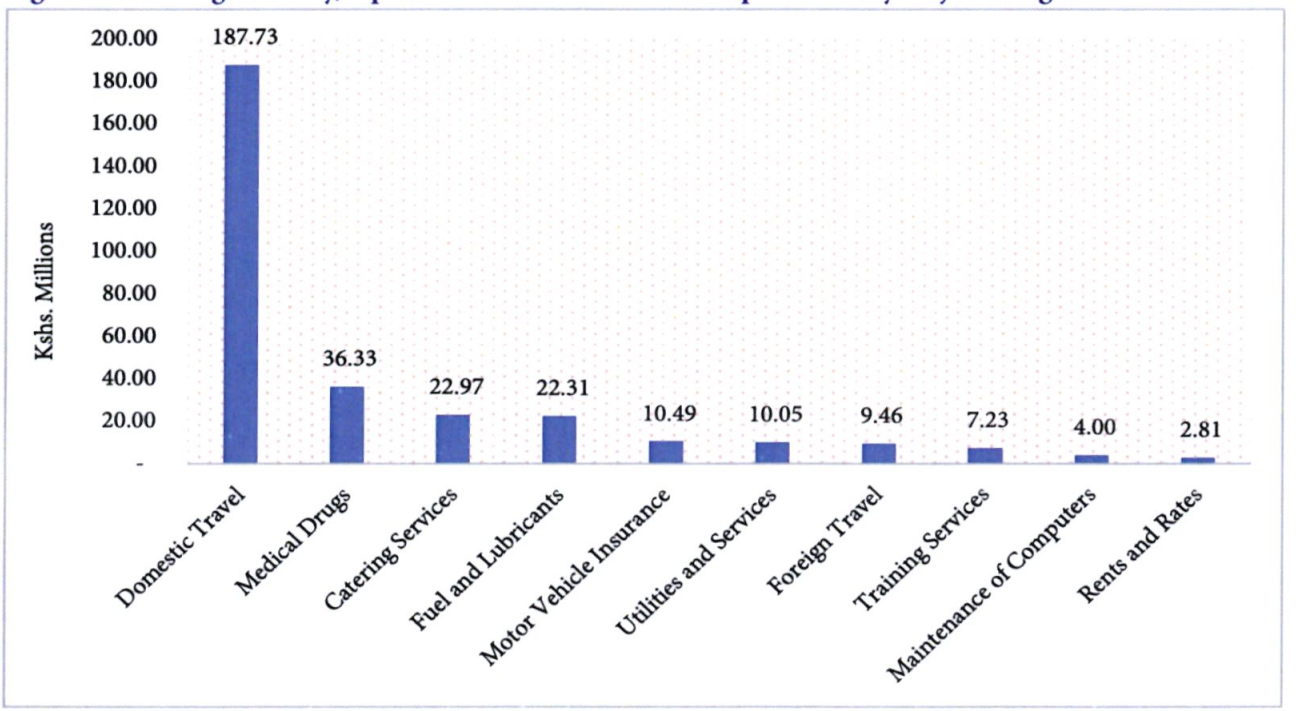
Source: Vihiga County Treasury

The County Assembly spent Kshs.13.60 million on committee sitting allowances for the 38 MCAs against the annual budget allocation of Kshs.30.68 million. The average monthly sitting allowance was Kshs.59,655 per MCA. The County Assembly has 22 House Committees.

3.45.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.695.21 million on operations and maintenance, representing an increase of 33 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.521.01 million. Figure 270 summarises the Operations and Maintenance expenditure by major categories.

Figure 270: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: *Vihiga County Treasury*

3.45.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 did not have any expenditure under "other operating expenses".

3.45.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.30 million to County-Established funds in FY 2025/26, or 0.4 per cent of the County's overall budget. Further, the County allocated Kshs.5 million to the Emergency Fund (0.1 per cent of the total budget), in line with Section 110 of the PFM Act, 2012. Table 3.668 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.668: Performance of Vihiga County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Vihiga County Sports Fund	2016	5,000,000	-	-	65,000,000	Yes
2	Vihiga County Education Fund	2014	25,000,000	-	-	1,016,743,412	Yes
		County Assembly Established Funds					
	Total		30,000,000			1,016,743,412	

Source: *Vihiga County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from Vihiga County Education Fund and Vihiga County Sports Fund Administrators, as indicated in Table 3.669, in line with to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Vihiga County Education Fund and Vihiga County Sports Fund were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Vihiga County Education Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.45.13 County Corporations

The County has no County Corporations reported during the review period.

3.45.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.187.73 million and comprised Kshs.73.42 million spent by the County Assembly and Kshs.114.31 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.46 million and comprised Kshs.9.46 million by the County Assembly and Kshs.0 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.669.

Table 3.669: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	14th July to 18th July 2025	A workshop on Effective Legislative Processes, Pre/Post Legislative Scrutiny	Arusha, Tanzania	401,066		401,066
County Assembly	7	24th August to 2nd September, 2025	A workshop on Transformational Leadership and Legislative Development	Kampala, Uganda	2,210,579		2,210,579
County Assembly	7	28th September to 6th October, 2025	A workshop on Integrated Strategy and Risk Management for Public Service Leaders	Jinja, Uganda	2,289,140		2,289,140
County Assembly	7	28th September to 5th October, 2025	A workshop on Integrated Strategy and Risk Management for Public Service Leaders	Arusha, Tanzania	2,238,572		2,238,572
County Assembly	7	28th September to 5th October, 2025	A Workshop on formations, roles, and functions of the speaker's panel	Arusha, Tanzania	2,319,842		2,319,842
Total					9,459,199		9,459,199

Source: *Vihiga County Treasury and County Assembly*

3.45.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.70.35 million as FIF, which was 26 per cent of the annual target of Kshs.274.13 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.27.96 million, as shown in Table 3.670

Table 3.670: Vihiga County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	-	-	-
2.	Level 4 Hospital	1	179,931,084	25,539,942	14
3.	Level 3 Facility	5	52,780,000	2,418,032	5
4.	Level 2 Facility	70	-		-
	Total	76	232,711,084	27,957,974	12

Source: *Vihiga County Treasury*

3.45.16 Development Expenditure

In the review period, the County reported spending Kshs.185.36 million on development programmes, representing a decrease of 32 per cent compared to FY 2024/25, when the County spent Kshs.274.35 million. Table 3.671 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to a delay in uploading the Electronic Government Payment (eGP) system by the National Government.

Table 3.671: Vihiga County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Health Services	Construction of Emukunzi	Central Bunyore Ward	2024/2025	2024/2025	5,992,908	5,992,908		5,992,908	100
2	Education, Science, Technical, and Vocational Training	Supply and Delivery of Tools and Equipment for VTCs	Lugaga/ Wamulua Ward	2024/2025	2024/2025	11,198,900	11,198,900		5,000,000	45
3	Environment, Water, Energy, and Natural Resources	Completion of the water project Phase II	Vihiga	2024/2025	2024/2025	4,903,485.25	4,903,485.25		4,903,485.25	100
4	Physical Planning, Lands and Housing	Construction of Overhead Tanks at the Governor's and Deputy Governor's Residences	Izava/ Lyadunywa Ward	2024/2025	2024/2025	4,994,832	4,994,832		4,994,832	100
5	Administration and Coordination of County Affairs	Construction of Hamisi Sub-County Offices	Shamakhoko Ward	2024/2025	2024/2025	4,455,410.10	4,455,410.10		4,455,414.10	100
6	Transport, Infrastructure, and Communication	Maintenance of Chavakali – Solongo (Lot 1) Musembe – Kiangula Road	West Sabatia Ward	2024/2025	2024/2025	4,997,190	4,997,190		4,997,190	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
7	Transport, Infrastructure, and Communication	Maintenance of Jepses – Munyoje Hill Road	Gisambai Ward	2024/2025	2024/2025	6,591,120	6,591,120		6,591,120	100
8	Transport, Infrastructure, and Communication	Rehabilitation of Nyabre – Mpaka Road	Izava/ Lyadunywa	2024/2025	2024/2025	3,990,865	3,990,865		3,990,865	100
9	Health Services	Construction of a Transformer House at Emuhaya Hospital	Central Bunyonyi	2024/2025	2024/2025	3,924,069.60	3,924,069.60		3,924,069.60	100
10	Health Services	Construction of KMTC Classes	Lugaga/ Wamuluma Ward	2024-2025	2024-2025	3,530,217	3,530,217		3,530,217	100
Donor Funded Projects										
1	-	-	-	-	-	-	-	-	-	-
Equalisation Funded Projects										
-	-	-	-	-			-		-	

Source: *Vihiga County Treasury*

The County did not report on the donor-funded projects during the review period. In addition, the County does not receive equalization funds and therefore does not have related projects.

Finally, the County did not report on stalled development projects as of 31st December 2025.

3.45.17 Budget Performance by Department

Table 3.672 summarises the approved budget allocation, expenditure, and absorption rate by departments in the period under review.

Table 3.672: Vihiga County, Budget Allocation and Absorption Rate by Department in the First Half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	201.62	-	76.75	-	76.75	-	100	-	38	-
Finance and Economic Planning	358.09	50.02	161.88	-	161.88	-	100	-	45	-
Agriculture, Livestock, and Fisheries	126.59	303.69	59.80	5.49	59.80	5.49	100	100	47	2
Health Services	1,851.63	183.43	892.65	31.85	892.65	31.85	100	100	48	17
Education, Science, Technical, and Vocational Training	568.93	161.97	221.39	12.87	221.40	12.87	100	100	39	8
Gender, Culture, Youth, Sports, and Social Services	124.47	19.71	62.39	2.79	62.39	2.79	100	100	50	14
Commerce, Tourism, and Cooperatives	86.45	432.71	60.56	26.37	60.56	26.37	100	100	70	6
County Public Service Board	80.03	-	39.75	-	39.75	-	100	-	50	-
Environment, Water, Energy, and Natural Resources	158.74	584.54	124.11	63.73	124.11	63.73	100	100	78	11

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Transport, Infrastructure, and Communication	186.10	416.31	69.42	28.60	69.42	28.60	100	100	37	7
Physical Planning, Lands and Housing	147.58	102.09	35.31	13.66	35.31	13.66	100	100	24	13
County Assembly	719.82	57.10	273.43	-	273.43	-	100	-	38	-
Administration and Coordination of County Affairs	601.63	370.28	242.55	-	242.55	-	100	-	40	-
County Attorney	32.70		16.97	-	16.97	-	100	-	52	-
	5,224.37	2,681.85	2,336.96	185.36	2,336.96	185.36	100	100	45	7

Source: *Vihiga County Treasury*

Analysis of departmental expenditure shows that the Department of Gender, Culture, Youth, Sports and Social Services recorded the highest absorption rate of the development budget at 14 per cent, followed by the Department of Physical Planning. Lands and Housing 13 per cent. The Department of Environment, Water, Energy, and Natural Resources had the highest percentage of recurrent expenditure to budget at 78 per cent, while the Department of Physical Planning, Lands, and Housing had the lowest at 24 per cent.

3.45.18 Budget Execution by Programmes and Sub-Programmes

Table 3.673 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.673: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Gender, Culture, Youth, Sports, and Social Services				
901024860	Administrative Service	14,711,865	7,835,262	53
	Sub Total	**14,711,865**	**7,835,262**	**53**
Transport, Infrastructure, and Communication				
201024860	Administrative Services	120,572,000	61,266,941	51
	Sub Total	**120,572,000**	**61,266,941**	**51**
Health Services				
401024860	Administrative Service	180,365,387	75,271,093	42
	Sub Total	**180,365,387**	**75,271,093**	**42**
Agriculture, Livestock, and Fisheries				
101024860	Administrative Services	336,132,918	71,565,701	21
	Sub Total	**336,132,918**	**71,565,701**	**21**
Physical Planning, Lands and Housing				
110014860	Land Survey and Mapping	49,362,517	9,681,259	20
	Sub Total	**49,362,517**	**9,681,259**	**20**
RECURRENT				
Health Services				
406024860	County Referral Services	500,000	441,210	88
	Sub Total	**500,000**	**441,210**	**88**
Health Services				
406034860	Drugs and Other Medical Supplies	28,500,000	20,000,000	70
	Sub Total	**28,500,000**	**20,000,000**	**70**
Administration and Coordination of County Affairs				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
702014860	Emergency and Disaster Fund	1,000,000	605,600	61
	Sub Total	**1,000,000**	**605,600**	**61**
Agriculture, Livestock, and Fisheries				
105024860	Livestock Extension	600,000	300,000	50
	Sub Total	**600,000**	**300,000**	**50**
Agriculture, Livestock, and Fisheries				
105034860	Value Chain Development	200,000	100,000	50
	Sub Total	**200,000**	**100,000**	**50**

Source: *Kisumu County Treasury*

The development sub-programmes with the highest budget implementation rates included: Administrative Service in the Department of Gender, Culture, Youth, Sports and Social Services at 53 per cent, Administrative Services in the Department of Transport, Infrastructure and Communication at 51 per cent, and Administrative Service in the Department of Health Services at 42 per cent. For recurrent sub-programmes, the top performers were: County Referral Services in the Department of Health Services at 88 per cent; Drugs and other medical Supplies in the Department of Health Services at 70 per cent; and Emergency and Disaster Fund in the Department of Administration and Coordination of County Affairs at 61 per cent. Their higher performance is attributed to improved trade payable payments.

Table 3.674 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.674: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Health Services				
405034860	Health Promotion	3,067,580	-	-
	Sub Total	**3,067,580**	-	
Education, Technical Science, and Vocational Training				
504014860	Youth Polytechnic Development	2,000,000	-	-
	Sub Total	**2,000,000**	-	-
Gender, Culture, Youth, Sports, and Social Services				
904014860	Social Protection	5,000,000	-	-
	Sub Total	**5,000,000**	-	-
Water, Energy, and Natural Resources				
1003024860	Waste Water Management	130,000,000	-	-
	Sub Total	**130,000,000**	-	-
County Assembly				
	Administrative Service	57,103,942	-	-
	Sub Total	**57,103,942**	-	-
RECURRENT				
Office of the Governor				
707024860	Disaster Management and Mitigation	5,950,000	-	-
	Sub Total	**5,950,000**	-	-
Health Services				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
401054860	Healthcare Financing	7,000,000	-	-
	Sub Total	**7,000,000**	-	-
Gender, Culture, Youth, Sports, and Social Services				
903024860	Promotion of Culture and Heritage	6,400,000	-	-
	Sub Total	**6,400,000**	-	-
Transport, Infrastructure, and Communication				
204024860	Mechanical Services	4,333,929	-	-
	Sub Total	**4,333,929**	-	-
Physical Planning, Lands and Housing				
111024860	Housing Development	2,687,622	-	-
	Sub Total	**2,687,622**	-	-

Source: *Kisumu County Treasury*

The development sub-programmes with the lowest budget implementation rates included: Health Promotion in the Department of the Health Services; Youth Polytechnic Development in the Department of Education, Science, Technical and Vocational Training; and Social Protection in the Department of Gender, Culture, Youth, Sports and Social Services, all at zero per cent. For recurrent sub-programmes, poor performers were: Disaster Management and Mitigation in the Department of the Office of the Governor; Health Financing in the Department of Health Services, and Promotion of Culture and Heritage in the Department of Gender, Culture, Youth, Sports and Social Services, all at zero per cent. These lower performances are attributed to the slow rollout of the electronic pay system by the National Government.

3.45.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 116 accounts in commercial banks, including 74 for Health Facilities, 34 for Vocational Training Centres, 5 for Established Funds, 1 revenue account, and 2 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening 116 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.45.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Vihiga County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.171.87 million against an annual target of Kshs.452.71 million, representing 38 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.185.36 million on development activities, achieving a 7 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Vihiga County Education Fund had lapsed, making it ineligible for further withdrawals.
iv. High level of trade payables, which amounted to Kshs.983.47 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
v. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.46. County Government of Wajir

3.46.1 Overview of FY 2025/26 Budget

The Wajir County Approved Budget for FY 2025/26 is Kshs.13.99 billion. It comprises Kshs.5.28 billion (38 per cent) and Kshs.8.71 billion (62 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.476.75 million (4 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.14 billion and a recurrent budget of Kshs.8.38 billion. The increase in the budget was primarily due to growth in the equitable share of revenue raised nationally and the Own Source Revenue target.

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.10.51 billion (75 per cent), additional allocations of Kshs.2.51 billion (18 per cent), a cash balance of Kshs.583.23 million (4 per cent) brought forward from FY 2024/25, and Kshs.350 million (3 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.675.

3.46.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.5.19 billion. This amount represented an increase of 0.4 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.5.15 billion. The total revenue consisted of Kshs.4.36 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.19.36 million, as well as the own-source revenue (OSR) collection of Kshs.121.92 million. Additionally, the County had a cash balance of Kshs.647.83 million from FY 2024/25. The total OSR collection of Kshs.121.92 million included Facilities Improvement Financing (FIF) of Kshs.74.16 million and Kshs.47.75 million from other OSR sources. Table 3.675 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.675: Wajir County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=A-C
A	**Unspent Balance from FY 2024/25**				
1	Balance at CRF	583,230,889	647,763,532	647,763,532	- 64,532,643
2	County Executive Refunds to CRF		59,532	59,532	- 59,532
3	County Assembly Refunds to CRF		8,518	8,518	- 8,518
Sub-Total		**583,230,889**	**647,831,581**	**647,831,581**	**- 64,600,692**
B	**Equitable Share of Revenue Raised Nationally**				
1	Equitable Share	10,507,580,683	4,359,514,591	4,359,514,591	6,148,066,092
Sub-Total		**10,507,580,683**	**4,359,514,591**	**4,359,514,591**	**6,148,066,092**
C	**Transfers from the Equalisation Fund**				
Sub-Total		-	-	-	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=A-C
D	**Additional Allocations (Including Grants)**				
1	County Aggregation Industrial Park	250,000,000	-	-	250,000,000
2	Road Maintenance Fuel Levy	563,901,669	-	-	563,901,669
3	Community Health Promoters (CHPs)	60,810,000	-	-	60,810,000
4	Basic Salary Arrears for county government health workers	19,869,801	-	-	19,869,801
5	0.5% of the Housing Levy fund to counties	1,987,622	-	-	1,987,622
6	DANIDA Grant	32,492,036	-	-	32,492,036
7	AFD - Kenya Informal Settlement Improvement Project II (KISIP II)	68,615,663	-	-	68,615,663
8	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	246,153,846	-	-	246,153,846
9	IDA (World Bank) Loan for the Water & Sanitation Development Project (WSDP)	550,000,000	-	-	550,000,000
10	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	37,500,000	-	-	37,500,000
11	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	352,500,000	-	-	352,500,000
12	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UIG)	26,000,000	-	-	26,000,000
13	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	72,942,053	-	-	72,942,053
14	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCIS) Grant	11,000,000	-	-	11,000,000
15	World Bank (Finance Locally-Led Climate Program (FLLoCA) (CCRI) Level 2 Grant	219,359,280	19,359,280	19,359,280	200,000,000
Sub-Total		**2,513,131,970**	**19,359,280**	**19,359,280**	**2,493,772,690**
E	**Ordinary Own Source Revenue (OSR)**				
1	Miraa Cess	38,000,000	15,860,000	206,460	393,540
2	Single Business Permit	12,000,000	9,591,500	-	500,000
3	Stock Export Fees	3,000,000	5,772,397	-	500,000
4	House Rent	5,500,000	5,273,932	101,640	198,360
5	Building Materials	5,100,000	2,529,500	2,529,500	2,570,500
6	Land Rent	15,000,000	2,203,876	695,000	1,305,000
7	Stock Auction Fees	10,000,000	1,668,870	28,100	521,900
8	Slaughter Fees	3,000,000	1,506,100	35,000	965,000
9	Hire Of County Assets	4,800,000	901,000	30,000	470,000
10	Cereals	2,000,000	695,000	901,000	3,899,000
11	Market Gate Fees (Fresh Produce)	900,000	661,300	5,273,932	226,068
12	Medical Certificate	340,000	349,316	2,203,876	12,796,124
13	Advertisement	600,000	206,460	661,300	238,700
14	Way Leave	1,000,000	124,000	349,316	- 9,316
15	Arabic Gum	300,000	101,640	15,860,000	22,140,000
16	Stall Rent	600,000	78,480	-	1,500,000
17	Scrap Metal	100,000	75,000	-	100,000

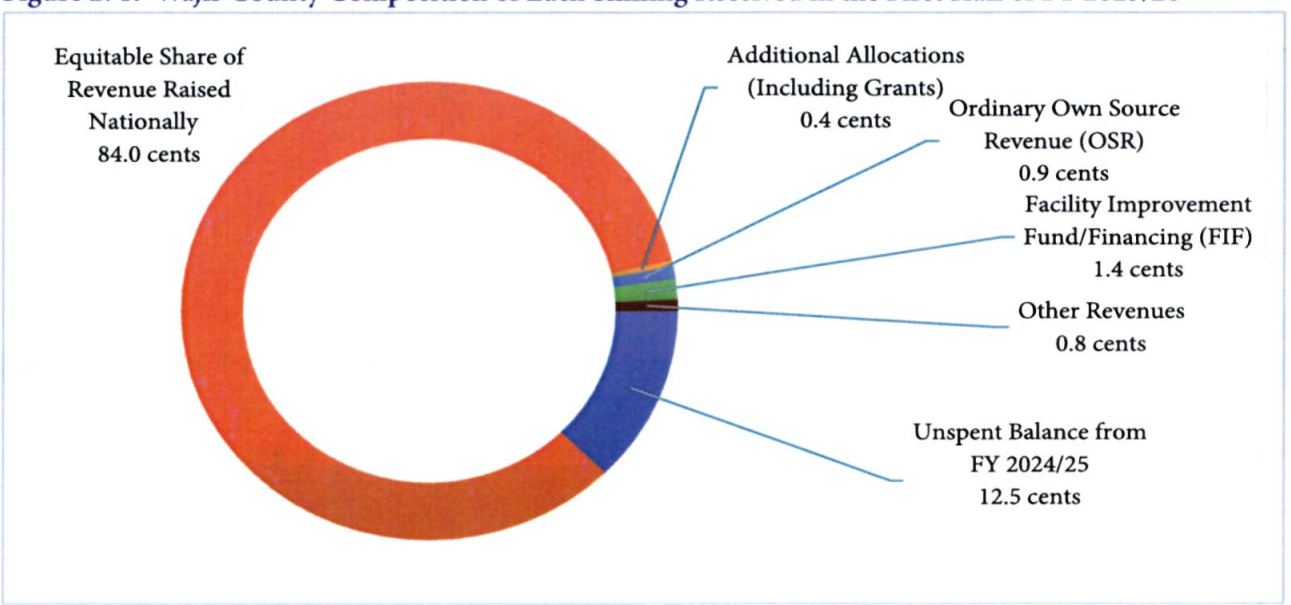
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=A-C
18	Development Permission	1,000,000	35,000	-	100,000
19	Septic Tank	350,000	34,200	75,000	25,000
20	Hall Hire	500,000	30,000	34,200	315,800
21	Conservancy	550,000	28,100	9,591,500	2,408,500
22	Veterinary Department	160,000	26,500	1,506,100	1,493,900
23	Allotment	500,000	-	78,480	521,520
24	Approval Of Building Plan	500,000	-	1,668,870	8,331,130
25	Misc./Commission	1,500,000	-	5,772,397	- 2,772,397
26	Pegging Fees/Site Visit	100,000	-	-	2,500,000
27	School Registration	100,000	-	26,500	133,500
28	Survey Fees	2,500,000	-	124,000	876,000
Sub-Total		**110,000,000**	**47,752,171**	**47,752,171**	**62,247,829**
F	**Facility Improvement Fund/Financing (FIF)**				
1	SHIF	220,000,000	21,786,106	21,786,106	198,213,894
2	Defunct NHIF	-	-	-	-
3	Other (Cost Sharing)	20,000,000	52,378,464	52,378,464	- 32,378,464
Sub-Total		**240,000,000**	**74,164,570**	**74,164,570**	**165,835,430**
G	**Other Revenues**				
1	Climate Change SPA balance	40,431,929	40,431,929	40,431,929	-
Sub-Total		**40,431,929**	**40,431,929**	**40,431,929**	-
Grand Total		**13,994,375,471**	**5,189,054,122**	**5,189,054,122**	**8,805,321,349**

Source: *Wajir County Treasury*

The County has the governing legislation for the operation of FIF, namely the Wajir County Health Facility Improvement Financing Act, 2023, and the Wajir County Health Facility Improvement Financing Regulations, 2024.

Figure 271 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 271: Wajir County Composition of Each Shilling Received in the First Half of FY 2025/26

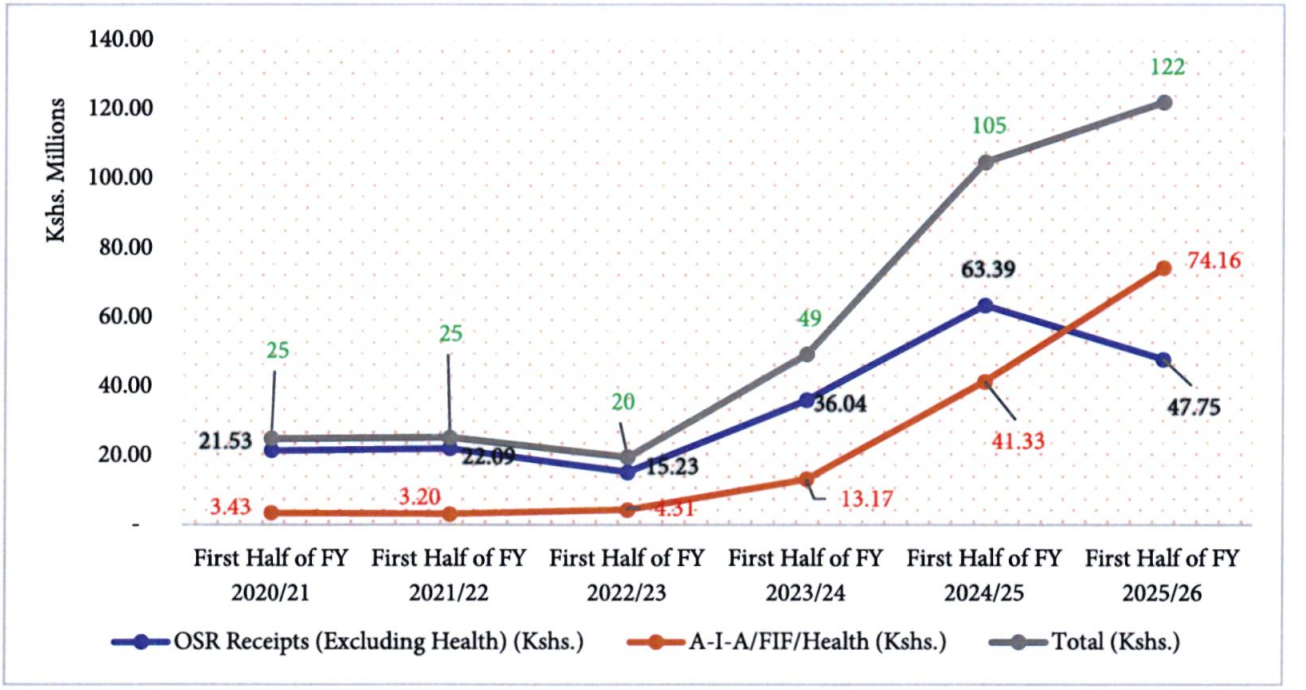


Source: *Wajir County Treasury*

The equitable share of revenue raised nationally, Unspent Balances from FY 2024/25, and FIF contributed 84 per cent, 13 per cent and 1 per cent, respectively, of the total receipts for the reporting period.

Figure 272 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 272: Wajir County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



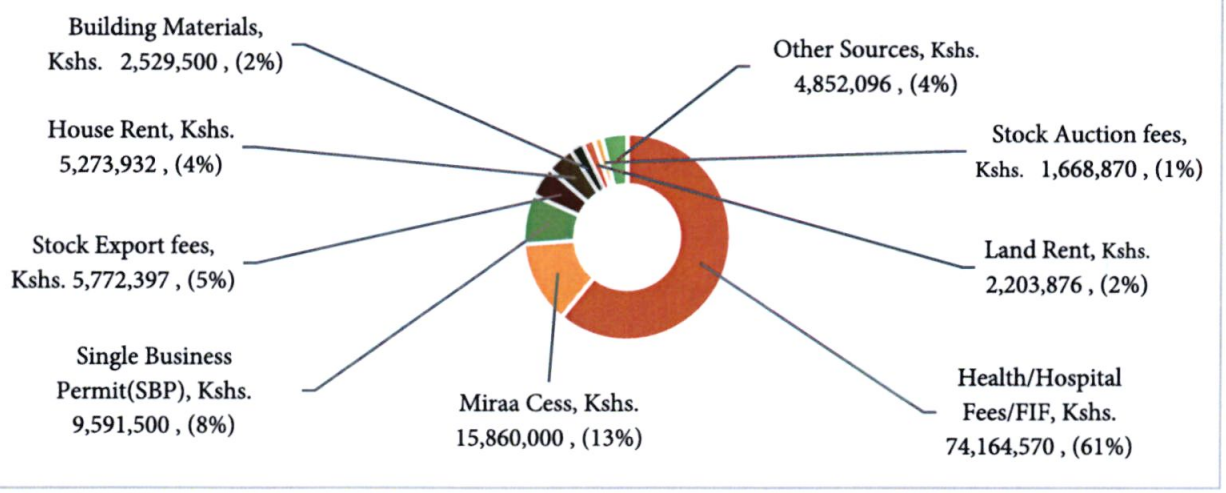
Source: *Wajir County Treasury*

During the first half of FY 2025/26, the County received Kshs.121.92 million from OSR, including FIF. This amount was an increase of 14 per cent compared to Kshs.104.72 million realised in a similar period in FY 2024/25, and was 35 per cent of the annual target and 3 per cent of the equitable revenue share disbursed.

The increase in revenue can be attributed to the County Government of Wajir's revenue enforcement measures, Revenue Automation, and the Enactment of the FIF Act.

The revenue streams that contributed the most to OSR receipts are shown in Figure 273

Figure 273: Wajir County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Wajir County Treasury*

As shown in Figure 273, the highest revenue stream, at Kshs.74.16 million, was from Health/Hospital Fees/FIF, accounting for 61 per cent of the total OSR receipts. The County has also automated its revenue collection.

3.46.3 Borrowing by the County

The County did not disclose any short-term borrowings as of December 31 2025.

3.46.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.4.57 billion from the Wajir County Revenue Fund (CRF) account. This amount consisted of Kshs.1.09 billion (24 per cent) designated for development programs and Kshs.3.48 billion (76 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.2.52 billion was allocated to employee compensation and Kshs.957.41 million to operations and maintenance expenditures. Within the operations and maintenance category, 4 per cent was for domestic travel and 0.3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.41.08 million, which included Kshs.22.27 million for the County Executive and Kshs.18.81 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.2.97 million, with Kshs.2.97 million for the County Executive and Kshs.0 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Wajir County CRF account was Kshs.477.08 million.

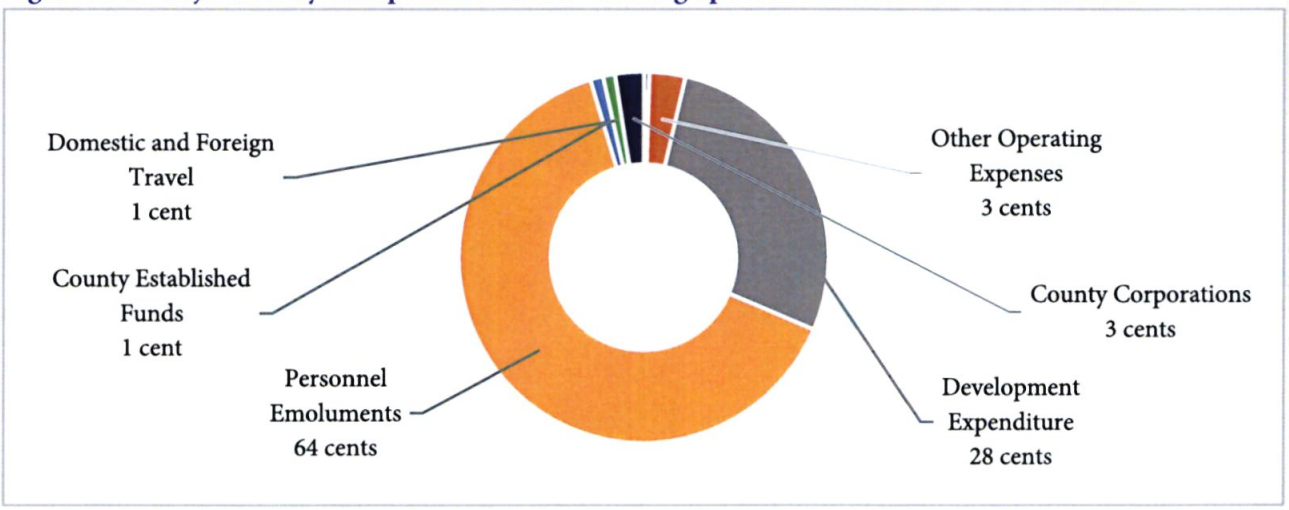
The County has yet to establish a County Assembly Fund.

3.46.5 Expenditure Review

The County spent Kshs.4.57 billion on development and recurrent programmes during the reporting period. The expenditure represented 100.0 per cent of the total funds released by the CoB. It comprised Kshs.1.09 billion for development programmes and Kshs.3.48 billion for recurrent programmes. Expenditure on development programmes accounted for 21 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 40 per cent of the annual recurrent expenditure budget.

Figure 274 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 274: Wajir County Composition of Each Shilling Spent in the First Half of FY 2025/26



Source: *Wajir County Treasury*

As shown in Figure 274, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and County Corporations, which accounted for 64, 28, and 3 per cent of total expenditure, respectively, for the reporting period.

3.46.6 Settlement of Trade Payables

As of July 1 2025, the County reported trade payables totalling Kshs.3.86 billion. This amount consisted of Kshs.3.63 billion from the County Executive and Kshs.233.51 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.39 billion for recurrent expenditure and Kshs.2.24 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.81 billion, comprising Kshs.532.32

million (45 per cent) for recurrent programmes and Kshs.649.01 million (55 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.91.43 million for recurrent activities. The outstanding trade payables as of December 31 2025, were Kshs.2.45 billion for the County Executive and Kshs.142.08 million for the County Assembly. Table 3.678 provides additional details of trade payables.

Table 3.676: Wajir County Trade Payables as of December 31 2025

	County Entity	Development	Recurrent	Total
As of July 1 2025 (End of FY 2024/25)	County Executive	2,236,024,253.05	1,394,314,907.62	3,630,339,161
	County Assembly	-	233,512,404.60	233,512,405
	Total	**2,236,024,253**	**1,627,827,312**	**3,863,851,565**
Amount paid in FY 2025/26	County Executive	649,014,701.20	532,324,698.88	1,181,339,400
	County Assembly	-	91,429,203.25	91,429,203
	Total	**649,014,701**	**623,753,902**	**1,272,768,603**
Outstanding Trade Payables as of December 31 2025 (Kshs.)	County Executive	1,587,009,552	861,990,209	2,448,999,761
	County Assembly	-	142,083,201	142,083,201
	Total	**1,587,009,552**	**1,004,073,410**	**2,591,082,962**

Source: *Wajir County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.64 billion and Kshs.107.49 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.1.18 billion for the Executive and Kshs.91.43 million for the Assembly compared to a target of Kshs.107.49 for the period.

Table 3.677 and Table 3.678 present the ageing of the total outstanding bills as of December 31 2025, for the County Executive and Assembly, which were Kshs.2.59 billion.

Table 3.677: Wajir County Executive Trade Payables Ageing Analysis as of December 31 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	**448,811,931.89**	**-**		**1,138,197,619.96**	**1,587,009,552**
Recurrent Trade Payables (Goods & Services)	8,143,513.60	-	-	81,841,699.40	89,985,213
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	21,087,165.10	-	-	732,615,330.64	753,702,496
Recurrent Trade Payables (Staff Claims)	10,047,500	-	-	8,255,000	18,302,500
Recurrent Trade Payables	**39,278,179**	**-**	**-**	**822,712,030**	**861,990,209**
Executive Trade Payables	**488,090,111**	**-**	**-**	**1,960,909,650**	**2,448,999,761**
% of Executive Trade Payables	**19.93018205**	**-**	**-**	**80**	**100**

Source: *Wajir County Treasury*

Table 3.678: Wajir County Assembly Trade Payables Ageing Analysis as of December 31 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	12,276,950	25,100,000		83,579,675	120,956,625
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	3,783,452.35	5,773,833.50	11,569,289	-	21,126,575
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	**16,060,402**	**30,873,834**	**11,569,289**	**83,579,675**	**142,083,200**
Assembly Trade Payables	**16,060,402**	**30,873,834**	**11,569,289**	**83,579,675**	**142,083,200**
% of Assembly Payables	**11**	**22**	**8**	**59**	**100**

Source: *Wajir County Treasury*

3.46.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.19 billion on compensation of employees, Kshs.910.81 million on operations and maintenance, and Kshs.1.09 million on development activities. Similarly, the County Assembly spent Kshs.329.55 million on employee compensation and Kshs.46.60 million on operations and maintenance, as shown in Table 3.679

Table 3.679: Wajir County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (c)		Absorption (%) (c/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**7,792,947,521**	**918,780,526**	**3,101,467,503**	**376,152,221**	**3,101,467,503**	**376,152,221**	**39.8**	**40.9**
Compensation of Employees	4,535,987,914	627,582,499	2,190,657,193	329,550,933	2,190,657,193	329,550,933	48.3	52.5
Operations and Maintenance	3,256,959,607	291,198,027	910,810,311	46,601,288	910,810,311	46,601,288	28.0	16.0
Development Expenditure	**5,282,647,424**	-	**1,093,613,388**	-	**1,093,613,388**	-	**20.7**	-
Total	13,075,594,945	918,780,526	4,195,080,891	376,152,221	4,195,080,891	376,152,221	32.1	40.9

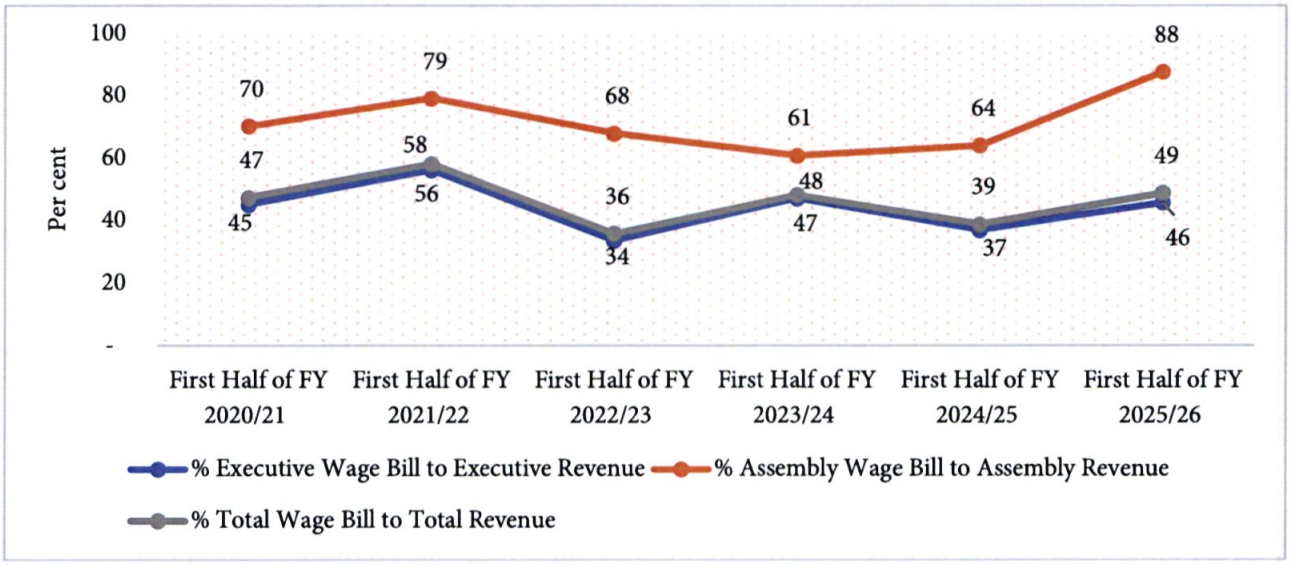
Source: *Wajir County Treasury*

3.46.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.52 billion. The compensation-to-revenue ratio was 49 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.01 billion reported in a similar period in FY 2024/25. Of this total, Kshs.961.83 million related to Health Sector employees, accounting for 38 per cent of the overall employees' compensation.

Figure 275 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 275: Percentage of Expenditure on Employee Compensation to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Wajir County Treasury

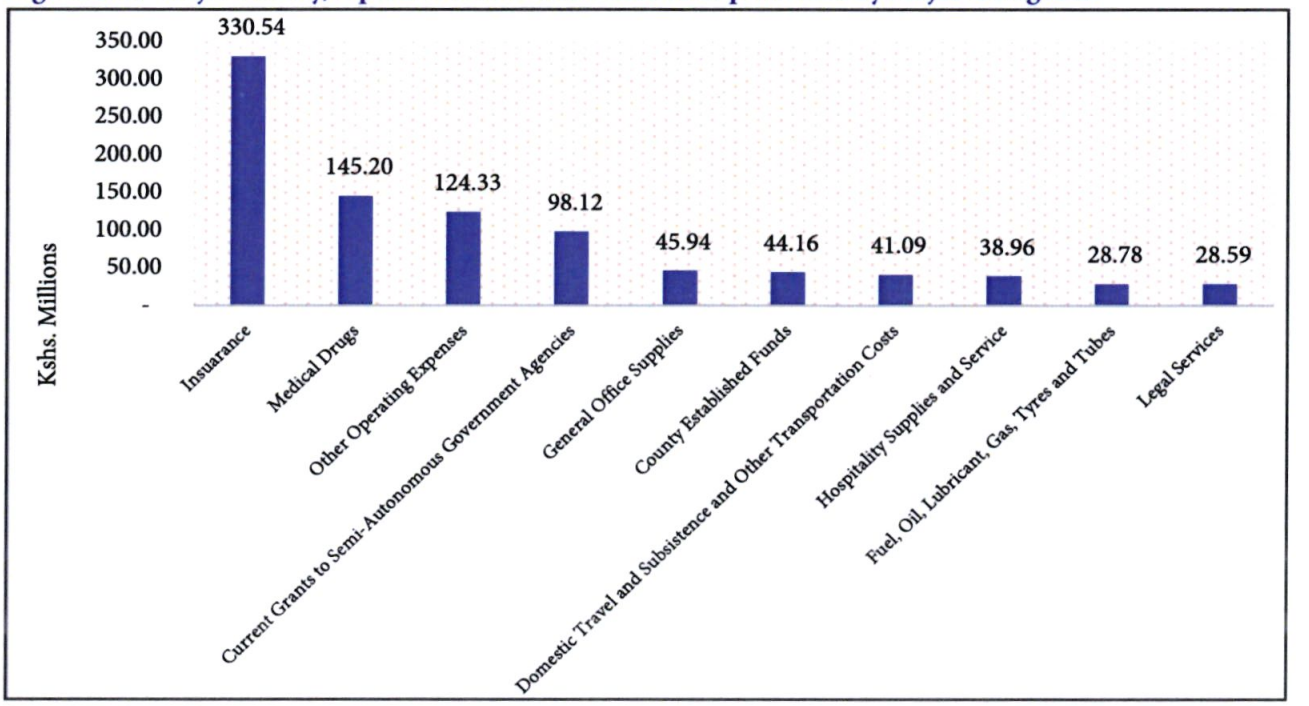
Further analysis indicated that PE costs totalling Kshs.2.18 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.344.43 million was processed through manual payrolls, accounting for 14 per cent of the total PE cost. The justification for the continued use of manual payroll was the County Government of Wajir's delay in constituting the County Public Service Board and the Directorate of Public Service Management's (DPSM) delay in processing payroll numbers.

The County Assembly spent Kshs.18.42 million on committee sitting allowances for the 46 MCAs against the annual budget allocation of Kshs.38.61 million. The average monthly sitting allowance was Kshs.66,736 per MCA. The County Assembly has 24 House Committees.

3.46.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.957.41 million on operations and maintenance, representing a decrease of 53 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.46 billion. Figure 276 summarises the Operations and Maintenance expenditure by major categories.

Figure 276: Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: *Wajir County Treasury*

The operations and maintenance costs include an expenditure of Kshs.28.59 million on Legal fees. Wajir County has a fleet of lorries utilised for garbage collection services, with direct costs comprising logistics (fuel and lubricants), routine maintenance, and Wages for loaders.

3.46.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.434.16 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.200 million to the Emergency Fund (2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.680 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.680: Performance of Wajir County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
County Executive Established Funds							
1.	Wajir Disaster Management Fund	2014	200,000,000	-	-	600,000,000	YES
2.	Wajir County Bursary Fund	2019	110,000,000	-	-	390,000,000	YES
3.	Wajir County Climate Fund	2019	80,000,000	80,000,000	80,000,000	305,000,000	YES
4.	Wajir County Disability Fund	2021	44,160,000	44,160,000	44,160,000	129,440,874	YES
5.	Wajir County Revolving Fund	2014	-	-	-	132,000,000	N/A
Total			434,160,000	124,160,000	124,160,000	1,556,440,874	

Source: *Wajir County Treasury*

During the reporting period, the CoB received quarterly financial reports from 6 Fund Administrators, as indicated in Table 3.681, in accordance with Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Wajir County Revolving Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.46.11 County Corporations

The County has two County Corporations, which were allocated Kshs.1.16 in FY 2025/26. Their total expenditure for the review period amounted to Kshs.141.83 million, as shown in Table 3.681

Table 3.681: Performance of Wajir County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Parent Department	Expenditure type	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in the FY 2025/26 (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)
1.	Wajir Water and Sewerage Company [WAJWASCO]	Water Resources Development	Recurrent	145,000,000	83,514,314	83,514,314
			Development	630,000,000	43,706,040	43,706,040
2.	Wajir Municipality	Lands, Housing and Physical Planning	Recurrent	236,120,094	14,609,036	14,609,036
			Development	145,092,053	-	-
Total				1,156,212,147	141,829,390	141,829,390

Source: *Wajir County Treasury*

3.46.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.41.09 million and comprised Kshs.18.81 million spent by the County Assembly and Kshs.22.27 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.97 million, which the County Executive entirely incurred. Spending on foreign travel is summarised in Table 3.682.

Table 3.682: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure (b) (Kshs.)	Total Expenditure on Travel (c=a+b)(Kshs.)
County Executive	6	26th October - 2nd November 2025	To attend the 14th International Date Festival	Morocco	2,971,648		2,971,648
Total					2,971,648		2,971,648

Source: Wajir County Treasury and Wajir County Assembly

3.46.13 Facility Improvement Financing

During the review period, the County reported collections of Kshs.74.16 million as FIF, which was 31 per cent of the annual target of Kshs.240 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed the Wajir County Health Facility Improvement Financing Act, 2023, and the Wajir County Health Facility Improvement Financing Regulations, 2024.

The expenditure by the health facilities amounted to Kshs.68.81 million, as shown in Table 3.683

Table 3.683: Wajir County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospitals	1	90,000,000	22,933,903	25
2.	Level 4 Hospital	8	32,500,000	29,865,475	92
3.	Level 3 Facility	25	5,270,340	5,270,340	100

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
4.	Level 2 Facility	75	10,736,750	10,736,750	100
	Total	109	138,507,090	68,806,467	50

Source: *Wajir County Treasury*

3.46.14 Development Expenditure

In the review period, the County reported spending Kshs.1.09 billion on development programmes, representing a decrease of 18 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.29 billion. Table 3.684 summarises the development projects with the highest expenditure in the reporting period.

Table 3.684: Wajir County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Location	Budget FY 2025-26 (Kshs)	Cumulative project expenditure (in accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects							
1	Wajir - Roads, Transport and Public Works	Wajir - Roads, Transport and Public Works	Road Routine Maintenance Of Abaqhalul - Dowgudud Road	Abaqhalul	84,500,780	84,500,780	100
2	Energy, Environment and Natural Resources	Energy, Environment and Natural Resources	Climate Change Fund	County Wide	80,000,000	80,000,000	100
3	Wajir - Roads, Transport and Public Works	Wajir - Roads, Transport and Public Works	Purchase, Supply and Delivery Project Management Vehicles Under the County Projects Management Programme	Wajir town, Wajir East	72,174,888	72,174,888	100
4	Wajir - Public Health, Medical Services and Sanitation	Wajir - Public Health, Medical Services and Sanitation	Construction of the Accident and Emergency Centre at Wajir County Referral Hospital	Wajir town, Wajir East	67,450,343.40	67,450,343.40	100
5	Wajwasco	Wajwasco	Supply & Delivery of Generator under the Wajir County Water Resources Development Programmes (Wajwasco County Entity)	Wajir town, Wajir East	33,650,000	33,650,000	100
6	Wajir - Public Health, Medical Services and Sanitation	Wajir - Public Health, Medical Services and Sanitation	Construction for Upgrading Of Hadado Health Centre To Level 4,	Hadado	28,683,126.30	28,683,126.30	100
7	Wajir - Roads, Transport and Public Works	Wajir - Roads, Transport and Public Works	Purchase, Supply and Delivery Project Management Vehicles Under the County Projects Management Programme	Wajir town, Wajir East	26,767,179	26,767,179	100
8	Wajir - Public Health, Medical Services and Sanitation	Wajir - Public Health, Medical Services and Sanitation	Supply And Delivery Of Dialysis Medical Equipments To Wajir County Referral Hospital under the Medical Services Programme	Medical Services	20,820,867.85	20,820,867.85	100
9	Wajir - Trade, Industrialization, Co-operative Development	Wajir - Trade, Industrialization, Co-operative Development	Being a part payment for the Construction Of Wajir County Aggregation And Industrial Parks	Wajir town, Wajir East	9,489,386	9,489,386	100
10	Wajir - Public Health, Medical Services and Sanitation	Wajir - Public Health, Medical Services and Sanitation	Consultancy Services For the Construction And Upgrading Of Wajir County Referral Hospital under the Medical Services Development Programme	Wajir town, Wajir East	7,549,656.60	7,549,656.60	100
Donor Funded Projects							
1	Trade, Industrialization, Co-operative Development	Trade, Industrialization, Co-operative Development	CAIPs Grant B/F	Wajir town, Wajir East	250,000,000	295,182,182	36
2	Energy, Environment and Natural Resources	Energy, Environment and Natural Resources	FLLoCCa (Donor)	Wajir town, Wajir East	270,791,209	19,359,280	7

Source: *Wajir County Treasury*

3.46.15 Budget Performance by Department

Table 3.685 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.685: Wajir County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	501.61	-	200.80	-	200.80	-	100.0	0.0	40.0	0.0
Finance and Economic Planning	687.90	-	234.31	-	234.31	-	100.0	0.0	34.1	0.0
Roads, Transport and Public Works	232.97	963.90	76.71	262.49	76.71	262.49	100.0	100.0	32.9	27.2
Water Resources Development	290.22	1,298.76	143.80	300.89	143.80	300.89	100.0	100.0	49.6	23.2
Energy, Environment and Natural Resources	100.83	403.29	31.11	99.36	31.11	99.36	100.0	100.0	30.9	24.6
Public Health, Medical Services and Sanitation	3,191.54	470.11	1,515.02	147.70	1,515.02	147.70	100.0	100.0	47.5	31.4
Education, Youth, Gender and Social Services	861.87	465.79	316.85	209.22	316.85	209.22	100.0	100.0	36.8	44.9
Agriculture, Livestock, and Fisheries Development	263.84	401.90	96.48	-	96.48	-	100.0	0.0	36.6	0.0
Trade, Industrialisation, Co-operative Development	179.03	358.69	71.86	54.67	71.86	54.67	100.0	100.0	40.1	15.2
Lands, Housing and Physical Planning	331.98	542.71	32.99	19.29	32.99	19.29	100.0	100.0	9.9	3.6
Public Service, Labour, and Decentralised Unit	1,072.82	377.50	353.74	-	353.74	-	100.0	0.0	33.0	0.0
County Public Service Board	78.34	-	27.78	-	27.78	-	100.0	0.0	35.5	0.0
County Assembly	918.78	-	376.15	-	376.15	-	100.0	0.0	40.9	0.0
Total	8,711.73	5,282.65	3,477.62	1,093.61	3,477.62	1,093.61	100.0	100.0	39.9	20.7

Source: *Wajir County Treasury*

Analysis of departmental expenditure shows that the Department of Education, Youth, Gender and Social Services recorded the highest absorption rate of the development budget at 45 per cent, followed by the Department of Public Health, Medical Services and Sanitation at 31 per cent. The Department of Water Resources Development had the highest recurrent expenditure-to-budget ratio at 50 per cent, while the Department of Lands, Housing and Physical Planning had the lowest at 10 per cent.

3.46.16 Budget Execution by Programmes and Sub-Programmes

Table 3.686 summarises budget execution by programme and sub-programme for the period under review with the highest absorption rates.

Table 3.686: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Development				
Roads, Transport and Public Works				
County Roads And Transport Management	County Transport Services	100,000,000	98,942,067	98.9
Education, Youth, Gender And Social Services				
Gender and Women's Empowerment	Gender and Women's Empowerment	4,400,000	2,972,500	67.6

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Energy, Environment And Natural Resources				
Energy Development Services	Energy Development Services	57,000,000	38,488,641	67.5
Water Resources Development				
Water Services	Infrastructure Development Services	348,481,699	231,437,937	66.4
Education, Youth, Gender And Social Services				
Early Childhood Education Development Services	Early Childhood Education Development Services	391,389,064	203,043,703	51.9
Recurrent				
Water Resources Development				
Water Services	Water Supplies Overhaul And Maintenance Services	153,148,000	141,632,717	92.5
Finance And Economic Planning				
Public Finance Management	County Supply Chain Management	36,403,200	27,212,013	74.8
Education, Youth, Gender And Social Services				
Social Services, Culture, Heritage And Library Services	Promotion Of Social Service, Culture And Heritage Services	127,715,676	74,962,155	58.7
Vocational Training Services	Infrastructural Development	59,272,318	33,835,600	57.1%
Public Health, Medical Services And Sanitation				
Curative, Rehabilitative And Emergency Services	Curative And Rehabilitative Services	976,221,764	526,331,339	53.9

Source: *Wajir County Treasury*

The development sub-programmes with the highest budget implementation rates included County Transport Services in the Department of Roads, Transport and Public Works at 98.9 per cent, Gender & Women Empowerment in the Department of Education, Youth, Gender and Social Services at 67.6 per cent, and Energy Development Services in the Department of Energy, Environment and Natural Resources at 67.5 per cent. For recurrent sub-programmes, the top performers were Water Supplies, Overhaul and Maintenance Services in the Department of Water Resources Development at 92.5 per cent, County Supply Chain Management Services in the Department of Finance and Economic Planning at 74.8 per cent, Promotion of Social Services, Culture and Heritage Services in the Department of Education, Youth, Gender and Social Services at 58.7 per cent, and Infrastructure Development in the Department of Education, Youth, Gender and Social Services 57.1 per cent.

Table 3.687 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.687: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Development				
Agriculture, Livestock, And Fisheries Development				
Food Production Services	Food Production Services	270,903,846	-	-
Lands, Housing And Physical Planning				
Land Policy And Physical Planning	Urban Physical Planning Services	132,615,663	-	-
Public Service, Labour and Decentralised Unit				
Special Programs	Intergovernmental Relations	352,500,000	-	-
Trade, Industrialisation, Co-Operative Development				
Trade Services	Enterprise Development Fund	75,000,000	-	-
Lands, Housing And Physical Planning				
Land Policy And Physical Planning	Urban Physical Planning Services	132,615,663	-	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Public Works Services	Public Works Services	195,000,000	-	-
Recurrent				
Water Resources Development				
Water Services	Infrastructure Development Services	22,972,994	-	-
Public Service, Labour and Decentralised Unit				
Special Programs	Intergovernmental Relations	80,219,167	-	-
	Public Participation Services	31,250,310	-	-
Agriculture, Livestock, And Fisheries Development				
Livestock Management Services	Livestock Production Services	6,730,000	-	-
	Veterinary Services	27,835,440	-	-

Source: *Wajir County Treasury*

There were 16 development sub-programmes with zero-per-cent budget implementation rates. For recurrent sub-programmes, 14 had Zero Per Cent budget implementation rates.

3.46.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya except for imprest bank accounts relating to petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 115 accounts in commercial banks. The accounts included 100 accounts for Health Facilities, 5 accounts for Established Funds, 1 revenue account, 2 special-purpose accounts (for additional allocations), 2 imprest bank accounts, 1 deposit collection account, 2 Wajir Water and Sewerage Company Limited Wajwasco (Wajwasco Recurrent and Development) bank accounts and 2 Wajir Municipality (Wajir Municipality Recurrent and Development) bank accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of the 112 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.46.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Wajir County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report. The County report was received on 26/01/26.
ii. The underperformance of own-source revenue at Kshs.121.92 million against an annual target of Kshs.350 million, representing 35 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.1.09 billion on development activities, achieving a 21 per cent absorption rate.
iv. High level of trade payables, which amounted to Kshs.2.6 billion as of December 31 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.344.43 million were processed through manual payroll, accounting for 14 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

The County should implement the following recommendations to improve budget execution:

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget, in accordance with the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts, to enhance accountability and oversight.*

3.47. County Government of West Pokot

3.47.1 Overview of FY 2025/26 Budget

The West Pokot County Approved Budget for FY 2025/26 is Kshs.8.63 billion. It comprises Kshs.2.95 billion (34 per cent) and Kshs.5.68 billion (66 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.957.27 million (12 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.25 billion and a recurrent budget of Kshs.5.42 billion. The increase in the budget was primarily attributed to the rise in Additional Allocation.

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.7 billion (81 per cent), additional allocations of Kshs.1.11 billion (12 per cent), a cash balance of Kshs.221.07 million (3 per cent) brought forward from FY 2024/25, and Kshs.290.96 million (4 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.689.

3.47.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.40 billion. This amount represented an increase of 1 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.3.37 billion. The total revenue consisted of Kshs.2.91 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.57.83 million, as well as the own-source revenue (OSR) collection of Kshs.156.17 million. Additionally, the County had a cash balance of Kshs.221.07 million from FY 2024/25. The total OSR collection of Kshs.156.17 million included Facilities Improvement Financing (FIF) of Kshs.124.71 million, and Kshs.31.46 million from other OSR sources. Table 3.688 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.688: West Pokot County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26(Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	221,071,087	221,071,087	-	221,071,087	-
2	County Executive Refunds to CRF	60,691,204	60,691,204	-	60,691,204	-
3	County Assembly Refunds to CRF	-	254,821	-	254,821	-254,821
	Sub-Total	**281,762,291**	**282,017,112**	**-**	**282,017,112**	**-254,821**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	**7,002,426,008**	**2,906,006,793**	-	**2,906,006,793**	4,096,419,215
	Sub-Total	**7,002,426,008**	**2,906,006,793**	**-**	**2,906,006,793**	**4,096,419,215**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26(Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
C	**Additional Allocations (Including Grants)**					
1	Road Maintenance Levey Fund (RMLF)(Rollover)	57,829,022	57,829,022	-	57,829,022	-
2	Financing Locally Led Climate Action Program – County Climate Resilient Investment (FLoCCA-CCIR)	**200,000,000**	-	-	-	200,000,000
3	Food System Resilience Project (FSRP)	251,153,846	-	-	-	251,153,846
4	Second Kenya Devolution Support Program – Institutional Grant (Level 1 Grant) (KDSP)	37,500,000	-	-	-	37,500,000
5	Second Kenya Devolution Support Program – Service Delivery and Investment Grant (Level 2 Grant) (KDSP)	352,500,000	-	-	-	352,500,000
6	Second Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	51,847,857	-	-	-	51,847,857
7	Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG)	28,000,000	-	-	-	28,000,000
8	Kenya Water, Sanitation, and Hygiene (K-WASH) Programme	130,000,000	-	-	-	130,000,000
9	DANIDA: Primary Health Care in a Devolved Context (PHDC)	5,000,000	-	-	-	5,000,000
	Sub-Total	**1,113,830,725**	**57,829,022**	**-**	**57,829,022**	**1,056,001,703**
D	**Ordinary Own Source Revenue (OSR)**					
1	Market kiosk Rent	5,482,560	2,618,500	-	2,618,500	2,864,060
2	Business Permit	11,996,995	1,610,599	-	1,610,599	10,386,396
3	Market/Trade Centre fee	3,801,936	1,448,470	-	1,448,470	2,353,466
4	Building Plan approval fee	128,000	99,000	-	99,000	29,000
6	Other cesses	7,313,898	2,361,010	-	2,361,010	4,952,888
7	Sand, Gravel and Ballast Extractions	24,151,014	11,596,100	-	11,596,100	12,554,914
8	Livestock Cess	9,975,712	3,864,780	-	3,864,780	6,110,932
9	Rent of Government Building and Housing	1,500,000	717,089	-	717,089	782,911
10	Advertising Fee	4,484,800	36,000	-	36,000	4,448,800
11	Street Parking Fee	1,187,056	476,738	-	476,738	710,318
12	Vehicle Parking Fee	8,241,684	3,878,940	-	3,878,940	4,362,744
13	Application /Renewals	1,565,760	78,600	-	78,600	1,487,160
14	Liquor Licence Fee	1,500,000	250,240	-	250,240	1,249,760
15	Other Miscellaneous fee	1,000,000	35,561	-	35,561	964,439
16	Receipt from Administration fees	761,888	637,358	-	637,358	124,530
17	Land Rates /Plot Rent	13,900,000	1,433,880	-	1,433,880	12,466,120
	Sub-Total	**98,150,999**	**31,460,065**	**-**	**31,460,065**	**66,690,934**
E	**Facility Improvement Fund/ Financing (FIF)**					

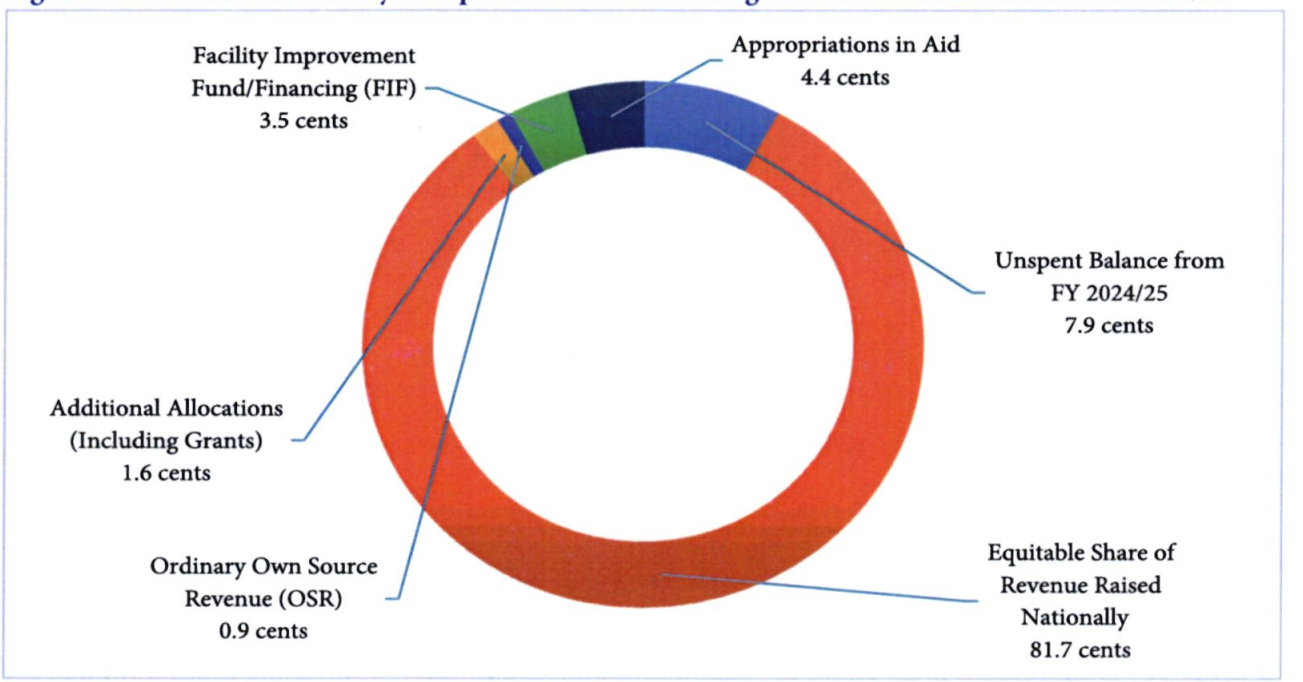
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26(Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
1	SHIF	**192,805,000**	**124,710,895**	-	124,710,895	68,094,105
2	Defunct NHIF	-	-	-	-	-
	Sub-Total	**192,805,000**	**124,710,895**	-	**124,710**	**68,094,105**
Total		8,688,975,023	3,402,023,887	-	3,402,023,887	5,287,205,957

Source: *West Pokot County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 277 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 277: West Pokot County Composition of Each Shilling Earned in the First Half of FY 2025/26

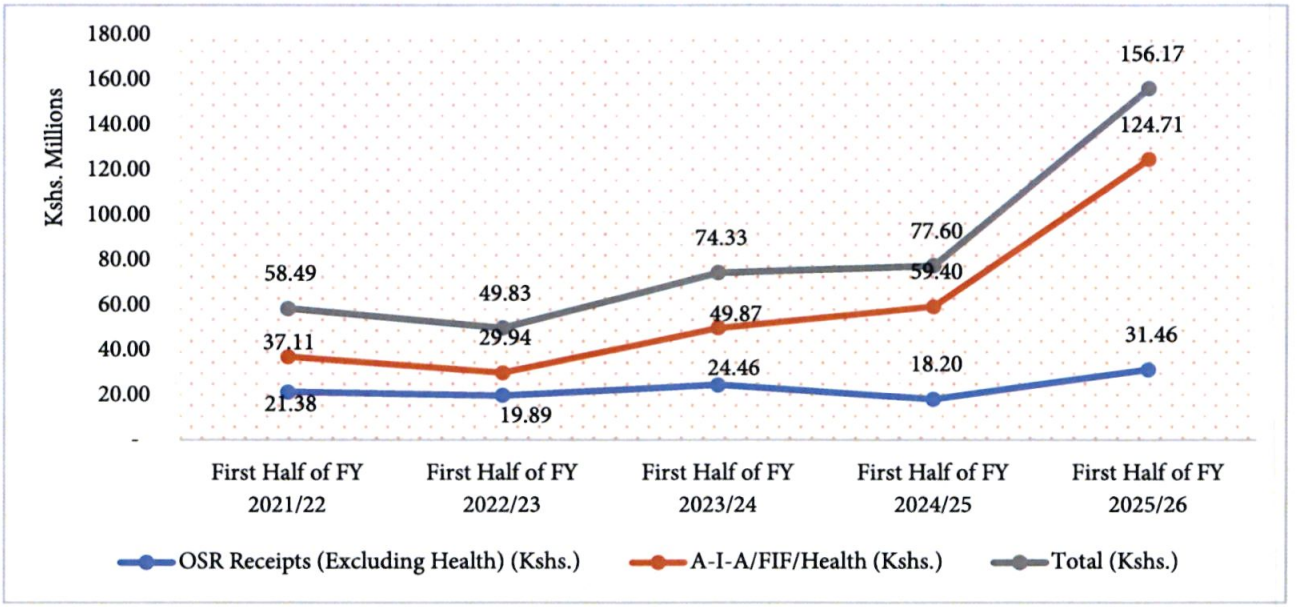


Source: *West Pokot County Treasury*

The equitable share of revenue raised nationally, Unspent Balances, and FIF contributed 82 per cent, 8 per cent, and 4 per cent, respectively, of the total receipts for the reporting period.

Figure 278 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 278: West Pokot County Trend in Own-Source Revenue Collection from the First Half of FY 2021/22 to the First Half of FY 2025/26

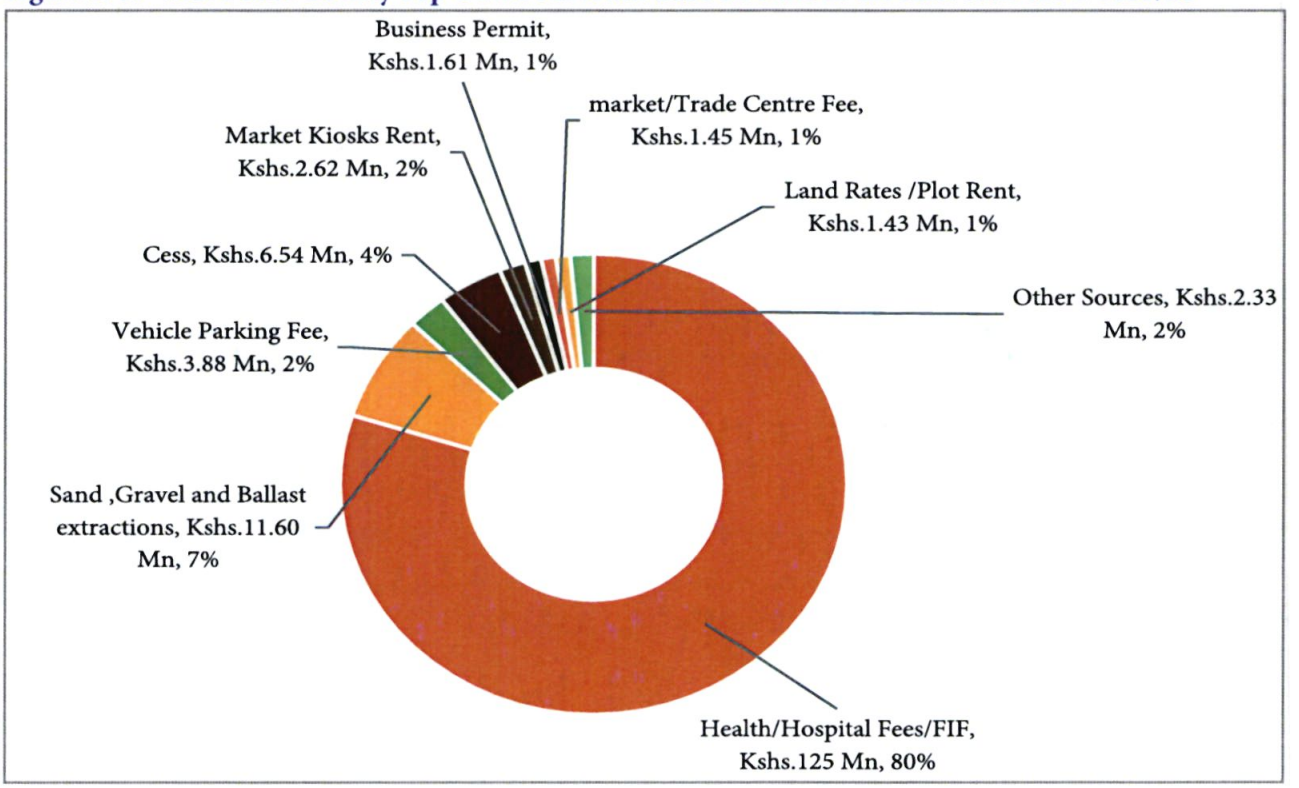


Source: *West Pokot County Treasury*

During the first half of FY 2025/26, the County received Kshs.156.17 million from OSR, including FIF. This amount was an increase of 101 per cent compared to Kshs.77.60 million realised in a similar period in FY 2024/25, and was 54 per cent of the annual target and 5 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to increased FIF collection.

The revenue streams that contributed the highest OSR receipts are shown in Figure 279

Figure 279: West Pokot County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: West Pokot County Treasury

As shown in Figure 279, the highest revenue stream is at Kshs.124.71 million was from FIF, accounting for 80 per cent of the total OSR receipts. The County Government indicated that it has automated 14 of 19 revenue streams.

3.47.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.62.50 million, which increased to Kshs.1.13 billion as of 31st December 2025. Table 3.689 presents a breakdown of the County's revenue arrears.

Table 3.689: West Pokot County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December	-	-	-	560,194,080	560,194,080
	Sub-Total	-	-	-	**560,194,080**	**560,194,080**
C	**Additional Allocations**					
1	Financing Locally Led Climate Action Program – County Climate Resilient Investment (FLoCCA-CCIR)	-	-	-	200,000,000	200,000,000
2	Food System Resilience Project (FSRP)	-	-	-	251,153,846	251,153,846
3	Second Kenya Devolution Support Program – Institutional Grant (Level 1 Grant) (KDSP)	-	-	-	37,500,000	37,500,000
4	Second Kenya Devolution Support Program – Service Delivery and Investment Grant (Level 2 Grant) (KDSP)	-	-	-	352,500,000	352,500,000
5	Second Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	-	-	-	51,847,857	51,847,857
6	Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG)	-	-	-	28,000,000	28,000,000
7	Kenya Water, Sanitation, and Hygiene (K-WASH) Programme	-	-	-	130,000,000	130,000,000
8	DANIDA: Primary Health Care in a Devolved Context (PHDC)	-	-	-	5,000,000	5,000,000
	Sub-Total				**1,056,001,703**	**1,056,001,703**
D	**Ordinary Own Sources of Revenue**					
1	**Property Rent**	42,896,739	-	1,433,880	6,814,000	48,276,859
2	**Land Rates**	19,603,189	-	-	2,141,360	21,744,549
	Sub-Total	**62,499,928**	-	**1,433,880**	**8,955,360**	**70,021,408**
Total		62,499,928	-	1,433,880	1,064,957,063	1,126,023,111

Source: *West Pokot County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.1.13 billion, comprising Kshs.560.19 million for the equitable share (49 per cent).1.06 billion for additional allocation(94 percent) and Kshs.70.01 million for own source revenue(6 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include the introduction of interest and penalties.

3.47.4 Borrowing by the County

The County Government did not report any borrowings during the period under review.

3.47.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.62 billion from the West Pokot County Revenue Fund (CRF) account. This amount consisted of Kshs.256.48 million (10 per cent) designated for development programs and Kshs.2.37 billion (90 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.1.68 billion was allocated to employee compensation and Kshs.684.66 million to operations and maintenance expenditures. Within the operations and maintenance category, 39 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.269.93 million, which included Kshs.149.52 million for the County Executive and Kshs.120.40 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.4.66 million, solely incurred by the County Executive.

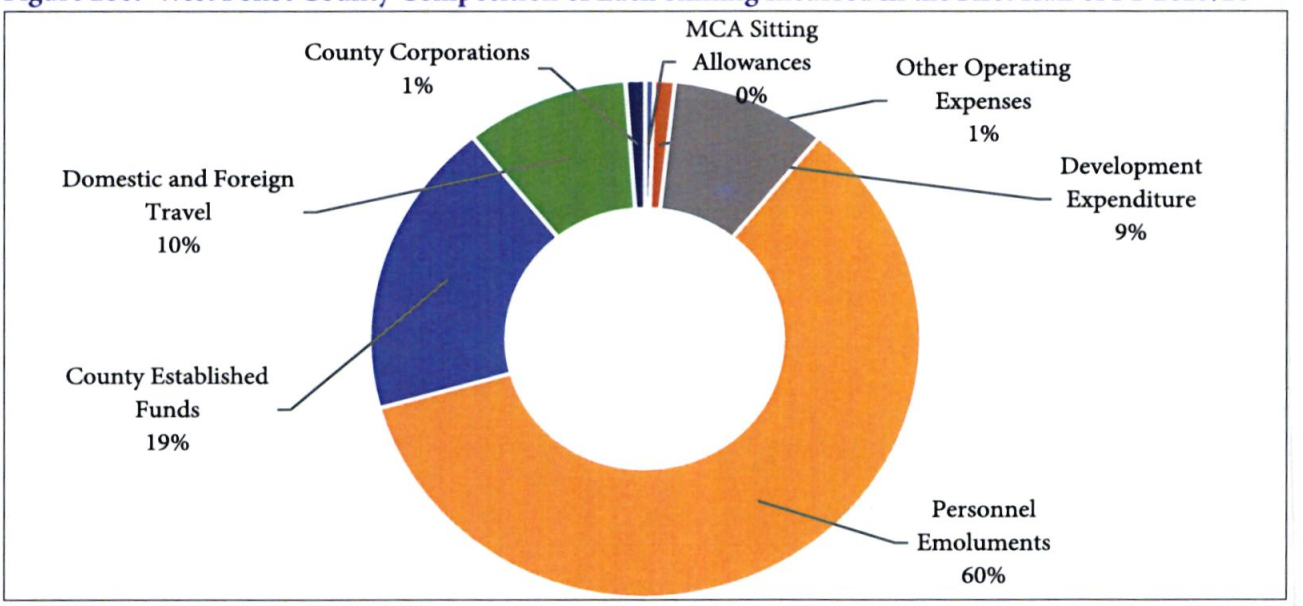
As of December 31, 2025, the County Government's cash balance in the West Pokot CRF account was Kshs.582.82 million.

3.47.6 Expenditure Review

The County spent Kshs.2.62 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.256.48 million for development programmes and Kshs.2.37 million for recurrent programmes. Expenditure on development programmes represented 9 per cent of the annual development expenditure budget, while recurrent expenditure represented 42 per cent of the annual recurrent expenditure budget.

Figure 280 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 280: West Pokot County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *West Pokot County Treasury*

As shown in Figure 280, the three highest expenditure categories were Personnel Emoluments, County Established Funds, and Domestic and Foreign Travel, which accounted for 60, 19, and 10 per cent of total expenditure for the reporting period.

3.47.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.330.57 million. This amount consisted of Kshs.309.07 million from the County Executive and Kshs.21.50 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.221.13 million for recurrent expenditure and Kshs.87.13 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.51.06 million, comprising Kshs.43.10 million (84 per cent) for recurrent programmes and Kshs.7.96 million (16 per cent) for development programmes. On the other hand, the County Assembly settled trade payables totaling Kshs.3.03 million, which were solely for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.258.01 million for the County Executive and Kshs.18.47 million for the County Assembly. Table 3.690 provides additional details of trade payables.

Table 3.690: West Pokot County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	87,127,464	221,127,464	309,070,993
		County Assembly	-	21,502,274	21,502,274
		Total	87,127,464	242,629,738	330,573,267
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	65,056,436	81,930,344	146,986,779
		County Assembly	-	8,029,987	8,029,987
		Total	65,056,436	89,960,331	155,016,766
Amount paid in the First Half of FY 2025/26	c	County Executive	7,957,035	43,101,359	51,058,394
		County Assembly	-	3,029,987	3,089,987
		Total	7,957,035	46,131,346	54,148,381
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive			-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**79,986,494**	**178,026,494**	**258,012,599**
		County Assembly	**-**	**18,472,287**	**18,472,287**
		Total	**-**	**196,498,781**	**276,484,886**

Source: *West Pokot County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.89.96 million and Kshs.65.06 million on recurrent and development expenditure, respectively, in the first half of FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.51.06 million for the Executive and Kshs.3.09 million for the Assembly.

Table 3.691 and Table 3.692 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.276.48 million.

Table 3.691: West Pokot County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	63,549,625	3,056,885	8,960,765	4,419,219	79,986,494
Recurrent Trade Payables (Goods & Services)	3,095,287	5,106,595	75,515,936	-	83,717,818
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	92,051,189	-	92,051,189
Recurrent Trade Payables (Staff Claims)	6,446	389,573	499,756	1,361,323	2,257,099
Total Recurrent Trade Payables	**3,101,733**	**5.496,168**	**168,066,881**	**1,361,323**	**178,026,105**
Total Trade Payables	**66,651,358**	**8,553,053**	**177,027,646**	**5,780,542**	**258,012,599**
% of Total	**26**	**3**	**69**	**2**	**100**

Source: *West Pokot County Treasury*

Table 3.692: West Pokot County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	-	3,029,987	-	**3,029,987**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	15,442,300	-	-	**15,442,300**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	15,442,300	3,039,987	-	**15,442,300**
Total Trade Payables	-	**15,442,300**	**3,029,987**	-	**18,472,287**
% of Total	-	**84**	**16**	-	**100**

Source: *West Pokot County Treasury*

3.47.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.49 billion on compensation of employees, Kshs.558.84 million on operations and maintenance, and Kshs.256.48 million on development activities. Similarly, the County Assembly spent Kshs.193.18 billion on compensation of employees, Kshs.125.82 million on operations and maintenance, and nil on development activities, as shown in Table 3.693.

Table 3.693: West Pokot County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	4,982,246,009	699,024,354	**2,048,592,529**	**318,998,076**	-	-	**2,048,592,529**	**318,998,076**	**41**	**46**
Compensation of Employees	3,129,053,689	399,594,292	1,489,753,119	193,180,216	-	-	1,489,753,119	193,180,216	48	48
Operations and Maintenance	1,853,192,320	299,430,062	558,839,410	125,817,860	-	-	558,839,410	125,817,860	30	42
Development Expenditure	**2,887,013,455**	**60,000,000**	**256,479,215**	-	-	-	**256,479,215**	-	**9**	-
Total	7,869,259,464	759,024,354	2,305,071,744	318,998,076	-	-	2,305,071,744	318,998,076	29	42

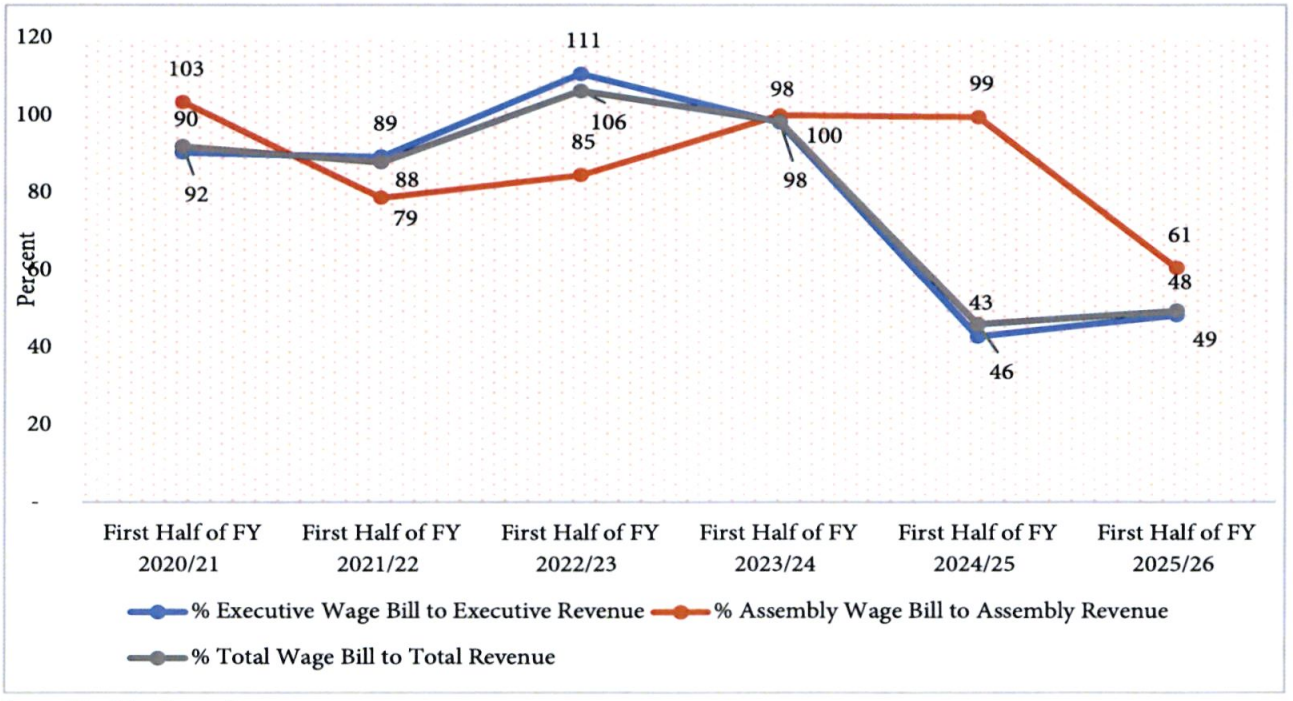
***Source**: West Pokot County Treasury*

3.47.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.68 billion. The percentage of compensation of employees to revenue was 49 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.64 million reported in a similar period in FY 2024/25. Of this total, Kshs.841.58 million related to Health Sector employees, accounting for 50 per cent of the overall employees' compensation.

Figure 281 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 281: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: West Pokot County Treasury

Further analysis indicated that PE costs totaling Kshs.1.68 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.102.40 million was processed through manual payrolls, which accounted for 6 per cent of the total PE cost.

The manual payroll comprised top-up allowances for security personnel, LAPTRUST/LAPFUND Pension Contributions, and Community Health Workers, as shown in Table 3.694.

Table 3.694: Breakdown of West Pokot County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	-
2	Salaries for casual staff	-
3	Top-up Allowances for Security Officers	6,468,600
4	LAPTRUST/LAPFUND Pension Contributions	77,762,576
5	Gratuity for contract staff	-
6	Community Health Workers	18,172,500
	Total	102,403,676

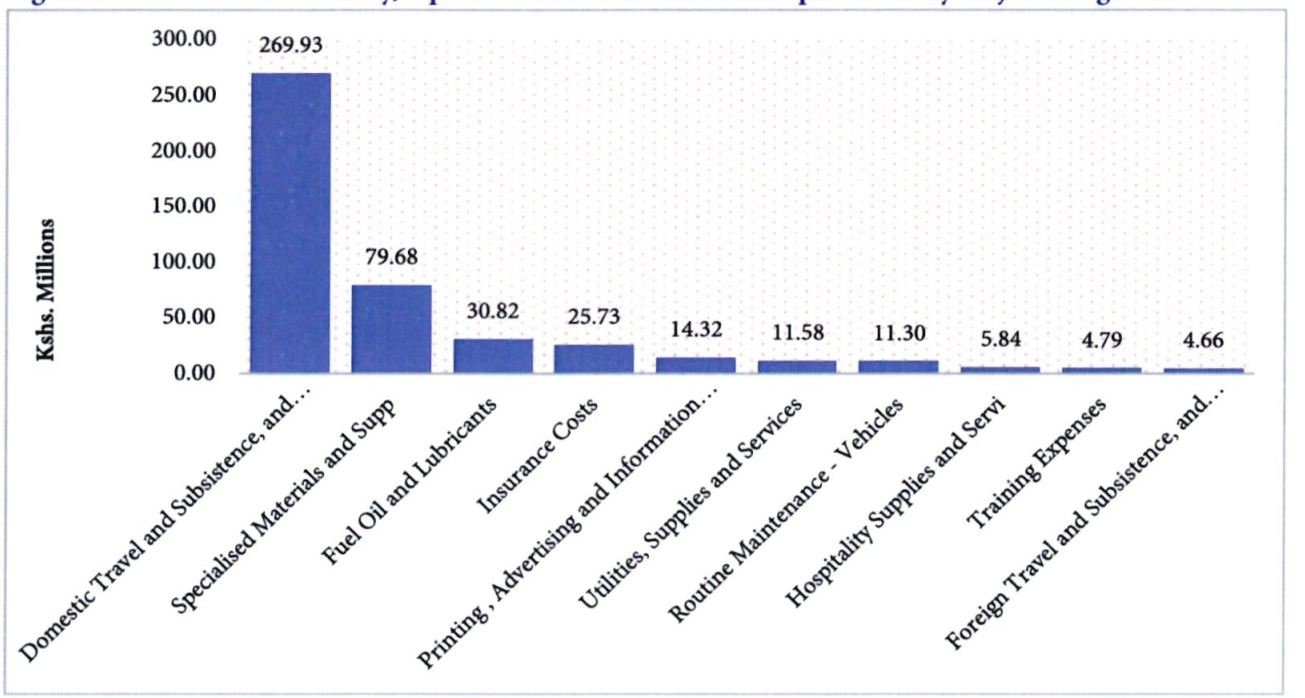
Source: *West Pokot County Treasury*

The County Assembly spent Kshs.14.54 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.29.01 million. The average monthly sitting allowance was Kshs.73,424 per MCA. The County Assembly has 26 House Committees.

3.47.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.684.66 million on operations and maintenance, representing an increase of 83 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.373.69 million. Figure 282 summarises the Operations and Maintenance expenditure by major categories.

Figure 282: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: *West Pokot County Treasury*

3.47.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.34.06 million on "*other operating expenses*," which is 5 per cent of the total operations and maintenance expenditure of Kshs.684.66 million. The disaggregated items under the "*Other Operating Expenses*" categories are shown in Table 3.695

Table 3.695: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211324	Registration of Land	6,599,527	2,999,526
2211308	KRA Dues	30,743,967	30,743,967
2211306	Membership Fees	2,345,000	313,200
	Total	39,688,494	34,056,693

Source: *West Pokot County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

- *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include Subscription to professional bodies.*
- *Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, KRA dues and membership fees.*

3.47.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.28.27 million to County-Established funds in FY 2025/26, or less than 1 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.696 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.696: Performance of West Pokot County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	West Pokot County Car Loan and Mortgage	2016	-	-	-	225,000,000	Yes
2	West Pokot County Bursary and Infrastructure Fund	2025	-	-	-	7,820,150,000	Yes
3	West Pokot County Cooperative Development Fund	2018	18,272,000	-	7,493,932	65,000,000	Yes
4	West Pokot County Emergency Fund	2025	10,000,000	-	-	-	No
		County Assembly Established Funds					
1	West Pokot County Assembly Car Loans and Mortgage	2025	-	-	-	240,726,312	No
	Total		28,272,000	-	7,493,932	8,350,876,312	

Source: *West Pokot County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from three (2) Fund Administrators, as indicated in Table ß:690, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.47.13 County Corporations

The County has two corporations, which were allocated Kshs.120.15 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.32.23 million, as shown in Table 3.697

Table 3.697: Performance of West Pokot County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)	Actual Expenditure (Kshs.)
1	Chepareria Municipality	14,150,000	-	4,575,000	11,725,000	2,837,881
2	Kacheliba Municipality	106,000,000	-	11,750,000	278,359,300	29,392,675
	Total	120,150,000	-	16,325,000	290,084,300	32,230,556

Source: *West Pokot County Treasury*

3.47.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.269.93 million and comprised Kshs.120.40 million spent by the County Assembly and Kshs.149.53 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.66 million, solely incurred by the County Executive. Expenditure on foreign travel is summarised in Table 3.698

Table 3.698: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	2	24th November to 28th November 2025	Attendance at the workshop for boards, Audit Committee, CEOs, and heads of internal Audit	Istanbul, Turkey	1,794,380	-	1,794,380
County Executive	1	13th December to 20th December 2025	Attendance at the International Conference of Business Analytics and Intelligence (2025-ICBAI)	Tamilnadu, India	697,291	-	697,291
County Executive	2	8th December to 15th December 2025	Attendance at the Strong Cities Network Sixth Global Summit	Toronto, Canada	2,171,021	-	2,171,021
Total					4,662,692	-	4,662,692

Source: *West Pokot County Treasury and County Assembly*

3.47.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.124.71 million as FIF, which was 65 per cent of the annual target of Kshs.192.81 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.63.81 million, as shown in Table 3.699

Table 3.699: West Pokot County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Kapenguria County Referral Hospital	1	132,800,000	32,570,846	25
2.	Kacheliba Sub-County Hospital	1	24,005,000	3,036,400	13
3.	Chepareria Sub-County Hospital	1	20,000,000	2,252,831	11
4.	Sigor Sub County Hospital	1	16,000,000	3,144,150	20
5.	Level 2 and 3 Facilities	69	60,000,000	22,800,950	38
	Total	73	252,805,000	63,805,177	25

Source: *West Pokot County Treasury*

3.47.16 Development Expenditure

In the review period, the County reported spending Kshs.256.48 million on development programmes, representing an increase of 6 per cent compared to FY 2024/25, when the County spent Kshs.241.44 million. Table 3.700 summarises the development projects with the highest expenditure in the reporting period.

Table 3.700: West Pokot County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative Project Expenditure (in accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	Health and Sanitation	Construction of the Makutano Subcounty Hospital (Phase 2)	Mnangei	01/07/2025	01/03/2026	31,873,414	24,873,414	15,862,026	15,862,026	50
2.	Health and Sanitation	Equipping of Modern Morgue at KCRH	Kapenguria	03/02/2025		19,500,000	19,500,000	19,500,000	19,500,000	100
3.	Education and Technical Training	Completion of Education Administration Block	Kapenguria	23/02/2023	30/11/2025	36,812,987	22,767,066	-	14,500,000	90
4.	Water, Environment, Natural Resources, and Climate Change	Upgrading of Kasei Borehole to Solar Power	Kasei	15/03/2024	30/06/2024	1,999,376	1,704,985	1,999,376	1,999,376	100
5.	County Executive	Proposed Renovation of Staff House at Governor's Residence	Kapenguaria	14/07/2025	15/09/2025	4,992,013	4,999,013	4,999,013	4,999,013	100
6.	Education and Technical Training	Construction of ECDE Classrooms	Lelan	28/04/2025	28/06/2025	9,999,990	10,000,000	4,999,995	4,999,995	100
7.	Livestock, Fisheries and Veterinary Services	Purchase of Boma Rhodes Seeds	Kapenguria	15/03/2022	15/04/2022	1,798,802	1,798,802	1,798,802	1,798,802	100
8.	Trade, Industrialization, Energy, and Cooperative Development	Construction of Fresh Produce Market	Seker	16/12/2024	30/06/2026	109,209,105	30,000,000	90,000,000	90,000,000	82
9.	Youth Affairs, Sports, Tourism, Culture, and Social Services.	Proposed Construction of Social Hall at Siyoi Advisory Centre	Siyoi	01/30/2025	31/12/2025	24,142,252	15,000,000	24,142,252	24,142,252	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative Project Expenditure (in accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
10.	County Executive	Proposed External Works at the Governor's Residence	Kapenguria	09/05/2024	09/07/2024	4,851,120	852,000	851,120	4,851,120	100

Source: *West Pokot County Treasury*

The County reported four (4) stalled development projects as of 31st December 2025, with an estimated value of Kshs.660 million, of which Kshs.108 million has already been paid. The stalled projects are shown in Table 3.701.

Table 3.701: West Pokot County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1.	Trade, Industrialization, Energy, and Cooperative Development	Completion of West Pokot Milk Processing Plant	Lelan	2020/2021	30/06/2022	400,000,000	28,000,000	372,000,000	372,000,000	7
2.	Trade, Industrialization, Energy, and Cooperative Development	Completion of West Pokot Mango Processing Plant	Lomut	2020/2021	30/06/2022	150,000,000	15,000,000	135,000,000	135,000,000	10
3.	County Assembly	Completion of Residential Building (Speakers Residence)	Kapenguria	03/01/2014		68,000,000	32,000,000	36,000,000	36,000,000	70
4.	County Assembly	Completion of the Restaurant	Kapenguria	03/01/2014		42,000,000	33,000,000	9,000,000	9,000,000	98

Source: *West Pokot County Treasury*

3.47.17 Budget Performance by Department

Table 3.702 summarises the approved budget allocation, expenditure, and absorption rate by departments in the period under review.

Table 3.702: West Pokot County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	357.78	89.89	124.02	8.19	124.02	8.19	100	100	35	9
Finance and Economic Planning	303.53	2.80	147.75	-	147.75	-	100	-	49	-
Public Works, Transport and Infrastructure	102.52	253.73	42.81	58.63	42.81	58.63	100	100	42	23
Health and Sanitation	2,221.62	638.25	910.40	44.55	910.40	44.55	100	100	41	7

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education and Technical Training	587.40	227.84	296.25	7.19	296.25	7.19	100	100	50	3
Agriculture and Irrigation	86.25	407.76	45	-	45	-	100	-	52	-
Livestock, Fisheries and Veterinary Services	92.84	53.25	35.93	4.10	35.93	4.10	100	100	39	8
Trade, Industrialization, Energy, and Cooperative Development	67.16	70.20	25.09	30	25.09	30	100	100	37	43
Lands, Housing, Physical Planning, and Urban Development	191.76	110.54	78	4.59	78	4.59	100	100	41	4
Water, Environment, Natural Resources, and Climate Change	83.92	513.69	26.80	65.06	26.80	65.06	100	100	32	13
Youth Affairs, Sports, Tourism, Culture, and Social Services.	74.90	163.57	37.69	34.16	37.69	34.16	100	100	50	21
County Public Service Management, ICT, and Decentralized Units	698.02	355.50	248.83	-	248.83	-	100	-	36	-
Special Programmes	114.54	-	29.96	-	29.96	-	100	-	26	-
West Pokot County Assembly	699.02	60	319	-	319	-	100	-	46	-
Total	**5,681.27**	**2,947.21**	**2,367.59**	**256.48**	**2,367.59**	**256.48**	**100**	**100**	**42**	**9**

***Source**: West Pokot County Treasury*

Analysis of departmental expenditure shows that the Department of Trade, Industrialization, Energy and Cooperative Development recorded the highest absorption rate of the development budget at 43 per cent, followed by the Department of Public Works, Transport and Infrastructure at 23 per cent. The Department of Agriculture and Irrigation had the highest recurrent expenditure-to-budget ratio at 52 per cent, while the Department of Special Programmes had the lowest at 26 per cent.

3.47.18 Budget Execution by Programmes and Sub-Programmes

Table 3.703 summarises the budget execution by programmes and sub-programmes in the period under review, which had the highest absorption rate.

Table 3.703: Budget execution by Programmes and Sub-Programmes

Programme/ Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
	Dev	Dev	Dev
DEVELOPMENT			
Trade, Industrialisation, Investment, and Cooperative Development			
General Administration, Planning and Support Services	50,300,000	30,000,000	60
Lands, Housing, Physical Planning, and Urban Development			
Land Policy and Physical Planning	7,000,000	2,999,526	42
Water, Environment, and Natural Resources			
Climate Change	250,000,000	62,309,494	25
Pastoral Economy			
Livestock Production and Range Management	20,998,740	2,998,740	15

Programme/ Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
	Dev	Dev	Dev
Lands, Housing, Physical Planning, and Urban Development			
Ward Specific	11,392,777	1,523,400	14
RECURRENT			
Education and Technical Training			
Youth Vocational Training	25,827,000	21,368,200	83
Tourism, Youth, Sports, and Culture			
Gender, Youth, and Sports Development	17,924,271	14,845,500	83
Health and Sanitation			
Preventive Health Services	127,464,075	8,360,365	61
Agriculture and Irrigation			
Livestock Production and Range Management	76,681,117	45,003,928	59
Pastoral Economy			
Livestock Production and Range Management	7,400,000	4,000,000	54

Source: *West Pokot County Treasury*

The development sub-programmes with the highest budget implementation rates included General Administration, Planning and Support Services in the Department of Trade, Industrialisation, Investment and Cooperative Development at 60 per cent, Land Policy and Physical Planning in the Department of Lands, Housing, Physical Planning and Urban Development at 42 per cent, and Climate Change at 25 per cent. For recurrent sub-programmes, the top performers were Youth Vocational Training in the Department of Education and Technical Training at 83 per cent, Gender, Youths and sports Development in the Department of Tourism, Youth, Sports and Culture at 83 per cent, Preventive Health Services in the Department of Health and Sanitation at 61 per cent, and Livestock production and Range Management at 59 per cent.

Most Departments had zero absorption rates in the sub-programmes, both in development and recurrent activities.

3.47.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated twenty-four accounts with commercial banks, including seven for Health Facilities, seven for Vocational Training Centres, five for Established Funds, two revenue accounts, and three imprest accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening 24 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.47.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the West Pokot County budget, the CoB made the following observations, which hampered effective budget implementation;

i. Low development performance in the review period as the County incurred Kshs.256.48 million on development activities, achieving a 9 per cent absorption rate.
ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the West Pokot County

Assembly Car Loans and Mortgage Fund, and Emergency Fund were not submitted to the CoB as of 31st December 2025.

iii. High level of trade payables, which amounted to Kshs.276.48 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.

iv. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

v. The County reported Kshs.34.06 million under "*other operating expenses,*" accounting for 5 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes. Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes.

The County should implement the following recommendations to improve budget execution:

i. *The County should implement strategies to increase development expenditures in FY 2025/26.*

ii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

iii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

iv. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

v. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

4. KEY OBSERVATIONS AND RECOMMENDATIONS

4.1. Introduction

This section highlights the issues that affected budget implementation and reporting in the first half of FY 2025/26 and provides recommendations to address the challenges. The cross-cutting challenges included the following:

4.2. Delay by the National Treasury to disburse the Equitable Share of Revenue raised nationally.

For effective budget implementation, predictability and timely release of funds are essential. Article 206 establishes the Consolidated Fund, while Article 207 establishes the County Revenue Funds. The County Allocation of Revenue Act of 2025 allocates an equitable of Kshs.415 billion to the County Governments from the ordinary revenue generated by the National Government for the financial year 2025/26. This amount is to be disbursed monthly from the Consolidated Fund to the respective County Revenue Funds, in accordance with an approved disbursement schedule, which requires that disbursements shall be made on the 15th day of each month.

Observation: As of December 31, 2025, the National Treasury had disbursed Kshs.172.73 billion as the equitable share for the FY 2025/26. However, by the end of the first half, a one-month lag had occurred, as the National Treasury had not yet disbursed the December allocation of Kshs.33.20 billion. This delay negatively impacted the County Governments' cash flows and hindered effective budget implementation.

Recommendation: *The National Treasury should ensure the timely disbursement of the equitable share of revenue raised nationally, in accordance with the disbursement schedule. Disbursements from the Consolidated Fund to the County Funds should be made by the 15th day of each month.*

4.3. Underperformance in Own-Source Revenue Collection

Article 209(3) of the Constitution allows County Governments to impose property rates, entertainment taxes, and any other taxes authorised by an Act of Parliament.

Observation: In the first half of FY 2025/26, County Governments generated a total of Kshs.26.94 billion in own-source revenue, including the Facility Improvement Financing. This amount represents 27 per cent of their annual revenue target of Kshs.99.73 billion. The shortfall in revenue generation has led to budget deficits, impeding the successful execution of planned activities. Six County Governments collected 20 per cent or less of their own-source revenue targets, while twenty Counties achieved between 21 and 30 per cent. Sixteen Counties performed between 31 and 40 per cent, two Counties reached between 41 and 50 per cent, and three Counties exceeded 50 per cent.

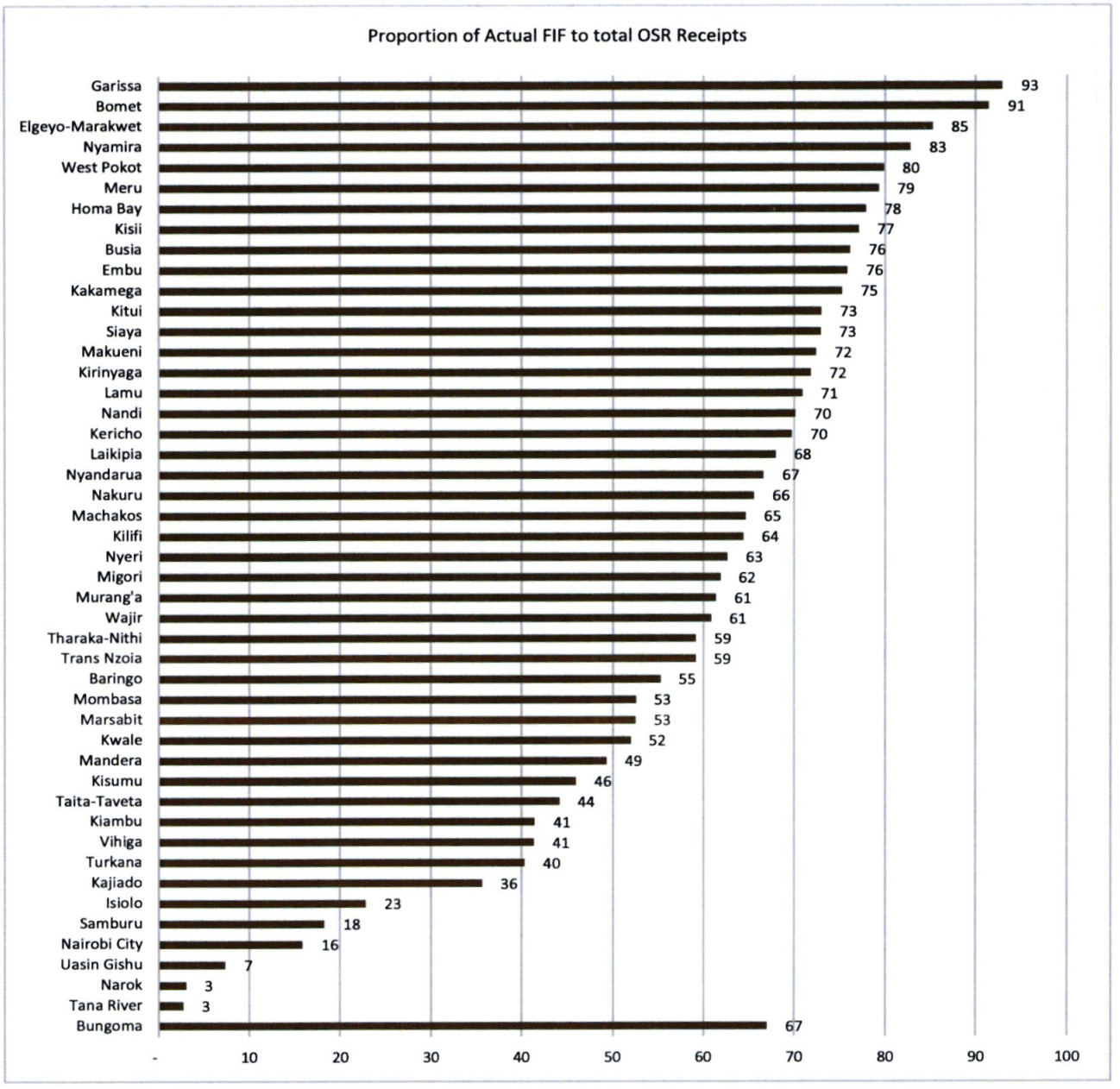
Recommendation: *County Governments should develop and implement strategies to improve their administration and revenue collection processes. They are encouraged to adopt innovative strategies to expand the revenue base and recover outstanding revenue arrears, which had totalled Kshs.143.04 billion as of December 31, 2025.*

4.4. Increased Overdependence on Funding from Facility Improvement Financing

The Facilities Improvement Financing Act of 2023 establishes an efficient, secure, and accountable mechanism for collecting, retaining, and managing revenue derived from health services provided at public health facilities. It also encourages equitable financing for health facility improvements, including benefit-sharing, in accordance with relevant laws.

According to Section 107(2)(f) of the Public Finance Management (PFM) Act of 2012, the County Treasury is responsible for managing the County Government's public finances while ensuring that fiscal risks are handled prudently.

Observation: During the first half of FY 2025/26, revenue from Facilities Improvement Financing (FIF) accounted for more than 50 per cent of total local revenue in 34 counties, an increase from 28 counties in the first quarter of the FY 2025/26. This significant growth can be attributed to several factors, including improvements in county-level health service delivery. While this progress is encouraging, it raises concerns about the potential overreliance on a single revenue source.



Recommendations: *While the CoB commends County FIF's performance, it advises counties to also focus on improving collections from other revenue streams. This approach will help reduce the risk of overdependence on a single funding source.*

4.5. High Levels of Trade Payables

Regulation 41(2) of the Public Finance Management (County Governments) Act of 2012 states: "Debt service payments shall be a first charge on the County Revenue Fund, and the Accounting Officer shall ensure this is done to the extent possible so that the County government does not default on debt obligations."

Observation: As of December 31, 2025, the Controller of Budget indicated that County Governments had accumulated trade payables of Kshs.163.74 billion. Earlier figures were, Kshs.183.03 billion as of June 30, 2025, and Kshs.177.47 billion as of September 30, 2025. The high level of trade payables poses challenges to service delivery and disrupts business operations.

Recommendations: *County Governments should prioritise settling eligible trade payables in their budgets, in accordance with legal regulations. Furthermore, they should adhere to the trade payables action plan established for the fiscal year 2025/26.*

4.6. Low Expenditure on Development Programmes

According to Section 107(2)(b) of the Public Finance Management (PFM) Act of 2012, at least 30 per cent of County Governments' budgets should be allocated to development expenditures over the medium term. Additionally, Regulation 25(1)(g) of the PFM (County Governments) Regulations 2015 stipulates that the actual spending of county governments on development should align with this requirement.

Observation: In the first half of FY 2025/26, County Governments spent Kshs.32.49 billion for development activities, representing an absorption rate of only 14 per cent of the total annual development budget of Kshs 228.20 billion. This marks a decrease from the Kshs 33.60 billion spent in the same period of FY 2024/25. A closer look shows that 17 County Governments had development performance rates of 10 per cent or lower, while 28 Counties reported performance between 11 and 29 per cent. Only 2 counties achieved performance levels above 30 per cent.

Recommendation: *The CoB recommends that County Governments enhance their spending from development budgets in the remaining months of FY 2025/26. Taking this step will help boost the absorption rate of development funds and foster overall progress at the county level.*

4.7. Delay in Submission of Financial and Non-Financial Reports to the Controller of Budget

County governments are obligated to prepare and submit both financial and non-financial reports as required by Section 166(4) and Section 168(3) of the Public Finance Management (PFM) Act, 2012. These reports should be submitted no later than one month after the end of each quarter. Additionally, Section 16 of the Controller of Budget Act, 2016, mandates that Accounting Officers cooperate with the Controller of Budget and respond promptly to any inquiries.

According to these regulations, the Controller of Budget has set the submission deadline for financial and non-financial reports for the review period as 15th January, 2026

Observation: Despite legal requirements, County Governments delayed the submission of their financial and non-financial reports within the recommended timeline. This delay delayed the timely finalisation of the County Budget Implementation Review Report for the first half of FY 2025/26. Several County Governments submitted their reports late, with 11 counties, including Laikipia, Isiolo, Kakamega, Mombasa, Narok, Turkana, Bomet, Nyeri, Nairobi, Tharaka-Nithi, and Nandi, submitting their reports in February 2026.

Recommendation: *County Governments should establish mechanisms to ensure compliance with the legal requirements for submitting quarterly financial and non-financial reports to the Controller of Budget, as outlined in the law.*

5. CONCLUSION

The Budget Implementation Review Report for County Governments is prepared and published as mandated by Article 228(6) of the Constitution. This article requires the Controller of Budget (CoB) to present a report on the status of budget implementation for both the National and County governments to each House of Parliament every four months. This report provides an overview of budget implementation for the first half of FY 2025/26, analysing revenue performance and expenditures against annual targets, and highlighting the main challenges faced by county governments during the period.

In the FY 2025/26, the total budget for County Governments amounts to Kshs.619.87 billion. This total includes Kshs.228.20 billion (37 per cent) allocated for development expenses and Kshs.391.67 billion (63 per cent) devoted to recurrent expenses. In the reporting period, county governments collected Kshs.26.94 billion in own-source revenue, representing 27 per cent of the annual target of Kshs.99.73 billion. This collection consists of Kshs.Kshs.14.23 billion from ordinary own-source revenue and Kshs.12.70 billion from the Facility Improvement Fund.

The equitable share of revenue raised nationally and disbersed to County Revenue Funds for the financial year reached Kshs.172.73 billion. Counties also received an additional Kshs.1.08 billion in extra allocations, along with a carryover balance from FY 2024/25 of Kshs.26.40 billion. Consequently, county governments had a total of Kshs.227.15 billion available for expenditure in the first half of FY 2025/26. Total expenditures for this period amounted to Kshs.192.59 billion, reflecting an absorption rate of 31per cent of the annual budget of Kshs.619.87 billion. Recurrent expenditures totalled Kshs.160.10 billion, which constitute 41 per cent of the annual recurrent budget, while development expenditure was Kshs.32.49 billion, representing a 14 per cent absorption rate.

The Controller of Budget underscores the need to address the challenges identified in the report to enhance budget implementation. Issues including delays in releasing the equitable share from the National Treasury, inadequate own-source revenue collection, excessive reliance on facility-improvement financing, high levels of trade payables, and low expenditure in development programs have impeded effective budget utilisation.

To address these challenges, both the County Executive and the County Assembly need to collaborate in implementing the recommendations outlined in Chapter Four of this report. By doing so, they can improve revenue collection, ensure timely access to funds, focus on development projects, and ultimately enhance service delivery and economic growth. These actions will not only bolster budget performance but also improve the overall financial health of county governments, paving the way for sustainable development.

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